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 Annual Report 年報

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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，我們秉承彙聚智慧，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、持之以恒”，
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。

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Binghuang
(Chairman and Chief Executive Officer)
Ms. Xia Ping
Ms. Wang Lijiao
(redesignated from non-executive director to executive director on 18 November 2022)

Non-executive Director

Ms. Wang Lijiao
(redesignated from non-executive director to executive director on 18 November 2022)

Independent non-executive Directors

Mr. Duan Rihuang
Mr. Wang Rongfang
Mr. Tso Sze Wai

COMPANY SECRETARY

Dr. Leung Wai Ping, Noel

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

Chairman's Statement

In 2022, we gained a steady growth in operating performance thanks to the excellent operational and management capabilities of the Management who continued to optimise and integrate businesses in various regions. The Group remained steadfast in risk management and operated solidly under a series of regulatory measure, specifically focus on the compliance risks.

In 2022, the Group's operations in Shenzhen and assets in Hong Kong were gradually in good shape. Significant progress was made in enhancing revenue from property management and other related services and controlling operational costs. This signified that the Group's business in Hong Kong and Shenzhen was gradually on track and had become a professional cross-regional industrial park operation service provider, marking a strategic significance. The Group will continue to identify target investment projects and businesses in key cities of China and tap into the internal value of such projects. The Group is also expanding its business in other regions of China. For example, in 2022, a wholly-owned subsidiary and a joint venture company were established respectively in Quanzhou, Fujian Province and Guiyang, Guizhou Province, in preparation for future regional business development and diversification.

Furthermore, the Management has addressed the qualified audit opinion concerning the investments 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 our resources on developing the business of the Group, so as to benefit the Company and stakeholders as a whole.

Nevertheless, the Management and the Board have been striving to enhance the shareholder value of the Company in the foreseeable future.

As the Covid-19 pandemic has abated, followed by the relaxation of pandemic controls in mainland China and Hong Kong, the economy of China and the rest of the world are returning to normal.

The Group is making another important stride in its business development in 2023 by firstly ramping up investment in mainland China. As China's policy has been oriented to support the real economy, the Group will accelerate the investment and establishment of industrial parks in the Greater Bay Area and other key cities. Property management and other related services are ushered in better development opportunities with the Group's investment. The Group will further enhance the competitive edge and synergies of regional businesses, while adhering to our development strategy of prudent operation to elevate and consolidate our longstanding competitiveness.

I would like to take this opportunity to express my heartfelt gratitude to my fellow Directors, the Management and all staff members for their dedicated efforts in 2022. Also, I would like to thank our shareholders and customers for the continued trust and support that has been a great motivation for us.

On behalf of the Board
Huang Binghuang
Chairman and
Chief Executive Officer

Hong Kong, 30 March 2023

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

During the year ended 31 December 2022 (the "Year"), the Group continued to engage in property investment, provision of horticultural services and sales of plants, and property management and other related services.

Revenue of the Group increased by HK$2,065,000 or 5.5% from HK$37,810,000 for the year ended 31 December 2021 to HK$39,875,000 for the Year, mainly due to an increase in revenue from the property management and other related services segment.

PROPERTY MANAGEMENT AND OTHER RELATED SERVICES

Since the second half of 2020, the Group expanded its property management and other related business in the PRC and entered into service contracts with two China properties developers (i) Shenzhen Houting Yayuan Investment Co., Ltd.* (深圳市后亭雅苑投資有限公司) with the properties managed located at Shajing East to Songsha Road South to Neway Factory West to Zhongting Road East Road, Bao'an District, Shenzhen* (深圳市寶安區沙井東至松沙路南至紐威廠西至中亭路北至中亭東路); (ii) Shenzhen Hongxing Yayuan Property Co., Ltd.* (深圳市紅星雅苑置業有限公司) with the properties manage located at Juncture of Songming Avenue and Baoan Avenue, Songgang Street, Bao'an District, Shenzhen* (深圳市寶安區松崗街道松明大道與寶安大道交匯處). The Group also engaged property management business with properties under management located at Shajing Centre, Shenzhen of the Guangdong – Hong Kong – Macao Greater Bay Area (粵港澳大灣區深圳市沙井中心). During the Year, the Group recorded a revenue of HK$27,768,000 (2021: HK$25,407,000) from this business segment.

HORTICULTURAL SERVICES AND SALES OF PLANTS BUSINESS

The Group also operates horticultural services and sales of plants business under the brand name of "Cheung Kee Garden", which has over forty years of history. Revenue from provision of horticultural services and sales of plants during the Year slightly decreased by HK$171,000 or 2.6% from HK$6,514,000 for the year ended 31 December 2021 to HK$6,343,000 for the Year.

PROPERTY INVESTMENT

The Group has 30 units of investment properties in Hong Kong. Rental income derived from these investment properties decreased by HK$125,000 or 2.1% from HK$5,889,000 for the year ended 31 December 2021 to HK$5,764,000 for the Year, mainly due to the decrease in the average rental income per apartment unit.

STAFF COSTS

Staff cost increased by HK$1,317,000 or 7.7% from HK$17,186,000 for the year ended 31 December 2021 to HK$18,503,000 for the Year, mainly due to salary increment with effect from January 2022 and the increase in the number of headcounts for the Year.

OTHER PROPERTY MANAGEMENT RELATED EXPENSES

Other property management related expenses increased by HK$2,308,000 or 32.8% from HK$7,047,000 for the year ended 31 December 2021 to HK$9,355,000 for the Year, mainly due to a one-off repair and maintenance expenditure of HK$1,573,000 (2021: Nil) in our service site in Shenzhen, the PRC., and 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$1,888,000 or 20.6% from HK$9,185,000 for the year ended 31 December 2021 to HK$7,297,000 for the Year, mainly due to a decrease in the legal and professional fees incurred for the Year.

FINANCE COSTS

Finance costs represented interests on bank borrowings and lease liabilities. Finance costs increased by HK$1,426,000 or 41.6% from HK$3,428,000 for the year ended 31 December 2021 to HK$4,854,000 for the Year, due to an increase in the interest rates on the bank loans for the Year.

LOSS FOR THE YEAR

For the Year, the Group's loss attributable to the owners of the Company increased by HK$46,677,000 from HK$330,000 for the year ended 31 December 2021 to HK$47,007,000 for the Year. The significant increase in the loss for the Year was mainly due to the fair value loss on our investment properties of approximately of HK$46,000,000 charged for the current year (2021: Nil).

CHARGE OVER THE GROUP'S ASSETS

The Group has pledged its investment properties as collateral for bank borrowings. As at 31 December 2022, the fair value of those pledged investment properties amounted to HK$346,000,000 (2021: HK$392,000,000).

Bank loans of HK$160,000,000 as at 31 December 2022 (2021: HK$160,000,000) are secured by (i) the investment properties of HK$346,000,000 (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 (2021: HK$4,000,000), (iii) bank deposits (excluding the charged portion) of not less than HK$7,000,000 (2021: HK$7,000,000), (iv) deposit of rental income from properties to a designated bank account which is charged to the bank, and (v) maintenance of an occupancy rate of 60% or above in investment properties (which, if fallen below 60%, shall be raised by the borrower to 60% or above within three months) (2021: 60%).

CONTINGENT LIABILITIES

As at 31 December 2022, there was no significant contingent liabilities.

PROSPECT

Looking ahead, the Group targets to enhance our property management and other related services business which will boost the Group's revenue and profit in future. The Group will further enhance its competitive edge and synergies of regional businesses in line with its development strategy of stable and steady operation, and enhance and consolidate its long-term competitiveness.

In 2022, the Group established two subsidiaries in Fujian and Guizhou, respectively. The Management believes that this geographical expansion will not only expand the company's business and enhance its returns, but also improve its market competitiveness. The Management considers that the geographical expansion of the property management services segment will enable the Group to expand its business portfolio, diversify its income stream, broaden its revenue base and potentially enhance its financial performance. The Management will inform the shareholders and potential investors of the business update on the Group's development in such geographical expansion.

Further, the Management has addressed the qualified audit opinion concerning the investment in Japan and Taiwan during the Year. As the audit issues of these two investments have been resolved, the Management will focus our resources on developing the business of the Group for the benefit of the Company.

Nevertheless, the Management and the Board strive to enhance the shareholder value of the Company in the foreseeable future.

LIQUIDITY AND FINANCIAL RESOURCES

All the Group's funding and treasury activities are centrally managed and controlled at the corporate level. The Group's monetary assets and liabilities are denominated and the Group conducts its business transactions principally in Hong Kong dollars and Renminbi same as compared to last year.

As at 31 December 2022, there was outstanding bank loans in the principal sum of HK$160,000,000 (2021: HK$160,000,000). The Group's working capital requirements in 2022 were funded with bank loans and advances from its holding company and related companies totalling HK$65,357,000 (2021: HK$68,000,000).

On 14 March 2023, the Company has drawn the renewed bank loans which should be fully repaid within 48 months from drawdown date as follows:

No. of installments	Principal repayment date	Repayment amount of each installment
1st	12 months after March 2023	10% of the original principal amount
2nd	24 months after March 2023	10% of the original principal amount
3rd	36 months after March 2023	10% of the original principal amount
4th	48 months after March 2023	All the outstanding balance

The Group recorded net current liabilities of approximately HK$216,066,000 as at 31 December 2022 (2021: HK$215,020,000).

The Company has received written confirmation from its controlling shareholder that he will continue to provide financial support to the Company to meet all the obligation of the Company to the extent that it is unable to meet those obligations itself.

EMPLOYEES

As at 31 December 2022, the Group had a total of 149 employees (2021: 117), including directors. Staff costs for the year ended 31 December 2022 amounted to approximately HK$18,503,000 (2021: HK$17,186,000).

PLEDGE OF ASSETS

As at 31 December 2022, investment properties and bank deposits with an aggregate value of not less than of approximately HK$360,891,000 (2021: HK$405,248,000) were pledged to the bank to secure bank loans granted to the Company.

EVENTS AFTER THE YEAR

There was no material event affecting the Group which has occurred after the Year that is required to be disclosed.

SIGNIFICANT INVESTMENT

During the year ended 31 December 2022, the Group had no significant investment.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except as disclosed in this report, the Group did not have any future plans for material investments or capital assets as at 31 December 2022.

Management Discussion and Analysis

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Bye-laws of the Company and the distribution shall achieve continuity, stability and sustainability. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In proposing any dividend payout, the Board shall also take into account, *inter alia*, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in the longrun, the financial conditions and business plan of the Group, and market sentiment and circumstances. The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

MATERIAL ACQUISITIONS AND DISPOSALS

Reference is made to the Company's announcement dated 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.

References are made to the Company's announcements dated 6 July 2022 and 29 July 2022. On 6 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, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 37 to the financial statements.

BUSINESS REVIEW

Business review and prospects

A business and financial review of the Group's performance during the year ended 31 December 2022, the financial position and an indication of likely future development in the Company's business are set out in section headed "Management Discussion and Analysis" on pages 4 to 8 of this annual report.

Principal risks and uncertainties

The major risks facing the Group are summarised below.

Impact of local and international regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-party risk

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance or recruits qualified staff to provide such service.

Directors' Report

BUSINESS REVIEW (CONTINUED)

Environmental policies and performance

The Company persistently strives to operate its business in an economic, social and environmentally sustainable manner. During the year, while seeking business growth, the Group assumed its corporate environmental and social responsibilities proactively by making constant progress towards sustainable development. The Group has developed and improved its environmental policies, optimised the efficiency in the use of energy and resources, advocated and promoted environmental protection and reduced the impact of its business development on the environment.

Details of the Company's environmental policy and performance are published in the separate Environmental, Social and Governance Report which is separately published on the Company's website and the website of the Stock Exchange at the same time as the publication of this report.

Compliance with laws and regulations

The incorporation places of the Company and its subsidiaries includes Bermuda, Hong Kong, the British Virgin Islands (the "BVI"), the People's Republic of China, Japan and an associate company in Cayman Islands. The Group's operations are carried out by the Company's subsidiaries in Hong Kong, Mainland China and Japan while the Company itself is listed on the Stock Exchange of Hong Kong Limited. Our establishment and operations accordingly shall comply with relevant laws and regulations of Bermuda, Hong Kong, Mainland, China, the BVI, Japan and Cayman Islands. During the year ended 31 December 2022, we have complied with all the relevant laws and regulations in the statutory and business operation.

Key relationships with employees, customers and suppliers

The Group promoted people-oriented management cultures and emphasised the value of employees as it believed employees were important resources for enhancing the Group's productivity and core competency. To provide employees with competitive remunerations and opportunities to receive skill trainings is closely connected to the realization of employees' individual values as well as the Group's strategic goals.

The Group maintained good cooperation and communications with suppliers and ensured both sides were mutually benefited. The Group also paid close attention to customers' satisfaction and constantly enhanced service quality in order to maintain good reputation of the Company.

FINANCIAL STATEMENTS

The results and cash flows of the Group for the year ended 31 December 2022 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 46 to 116.

Directors' Report

DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2022.

As at the date of this annual report, the Directors were not aware of that any shareholders of the Company had waived or agreed to any arrangement to waive dividends.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities interests of the Group for the last five financial years is set out on the page 118 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital during the year are set out in note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended) was Nil (2021: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 27% (2021: 33%) of the total sales for the year and sales to the largest customer included therein amounted to 11% (2021: 12%).

MAJOR CUSTOMERS AND SUPPLIERS (CONTINUED)

Purchases from the Group's five largest suppliers accounted for 71% (2021: 77%) of the total purchases for the year and purchases from the largest supplier included therein amounted to 20% (2021: 30%).

As far as the directors are aware, neither the directors, their close associates, nor those shareholders which to the knowledge of the directors own more than 5% of the Company's issued shares had any interest in the five largest customers and suppliers.

BOARD'S VIEW ON AUDITOR'S QUALIFIED OPINION

Extract from the annual report for the year ended 31 December 2021, the predecessor auditors of the Company (the "Predecessor Auditors"), had issued their qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2021. Details are set out on pages 34 to 36 of the annual report for the year ended 31 December 2021 and the main reasons leading to the qualified opinion for the year ended 31 December 2021 in relation to the Company's interests in Five Color Stone Technology Limited ("Five Color Stone") (Qualification 1) and WI Capital Co., Limited ("WI Capital") (Qualification 2):

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 Sky Heritage Holdings Limited, ("Sky Heritage"), at a consideration of HK$10,000. As shown in the 2017 Annual Report of the Company, Sky Heritage 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 engages in manufacturing and sale of graphene and graphene-related products, respectively. Completion took place immediately following the execution of the Sale and Purchase Agreement. Upon the completion of the disposal of the shares of Sky Heritage, the Company no longer holds any interests in Five Color Stone, Taiwan Xigu and Taiwan Mutron.

BOARD'S VIEW ON AUDITOR'S QUALIFIED OPINION (CONTINUED)

WI Capital Co., Limited (Qualification 2)

Reference is made to the Company's announcement released on 6 July 2022 and 29 July 2022. On 6 July 2022, the Company 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 WI Capital, at a consideration of HK$10,000. As shown in the Annual Report 2017 of the Company, WI Capital held 80% of the issued shares in WI Graphene Co., Limited, a company which was principally engaged in manufacturing and sale of graphene and graphene-related products. Completion took place on 29 July 2022. Upon the completion of the disposal of all shares of WI Capital, the Company no longer holds any shares of WI Capital and WI Graphene.

Board's view on auditor's qualified opinion

For the current year, the Board is of the view that Qualification 1 and Qualification 2 will be removed in the financial year ending 31 December 2023 after having considered (i) the Company no longer holds any interest in those investments after disposal, (ii) except for the possible effects of the matters described in the Basis for Qualified Opinion section of the independent auditor's report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2022 and (iii) the Current Auditors of the Company has issued a qualified opinion in the 2022 Annual Report merely for the possible effect of the matters described in the Basis for Qualified Opinion section of their report on the consolidated financial performance and consolidated cash flows for the years ended 31 December 2022 and 2021 and the consolidated financial position of the Group as at 31 December 2021 rather than qualifying the consolidated financial position of the Group as at 31 December 2022. On such basis, the Board is of the view that the Audit Modification will be merely on the comparability of the related current year's figures and the corresponding figures in the financial year ending 31 December 2023.

The audit committee's view on the audit qualification

Discussions have been conducted and meetings were held between the audit committee of the Company (the "Audit Committee") and the Current Auditor to discuss the qualified opinion and to communicate the audit procedures during the audit in relation to those investments. The Audit Committee had critically reviewed the facts and circumstances leading to the conclusion of the Company's management and fully understood the reasons leading to the qualified opinion and the fact that the Management of the Company had made efforts to obtain the information and documents requested by the Current Auditor. The members of the Audit Committee agreed with the qualified opinion and the basis of such qualified opinion and the management's position concerning the qualified opinion.

BOARD'S VIEW ON AUDITOR'S QUALIFIED OPINION (CONTINUED)

The company's action plans and timeline to address the qualified opinion

As stated above, the qualified opinion will be merely on the comparability of the related current year's figures and the corresponding figures in the financial year ending 31 December 2023.

Auditor's view and basis on the removal of the audit qualification

The Current Auditor of the Company indicated that the scope limitations in respect of the Group's interests in Five Color Stone and WI Capital led to (i) the Predecessor Auditors issuing a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 (the "Limitation") and (ii) the Current Auditor qualifying their opinion on the consolidated financial statements of the Group for the year ended 31 December 2022 for the possible effects on the consolidated financial performance and consolidated cash flows for the years ended 31 December 2022 and 2021 and the consolidated financial position of the Group as at 31 December 2021.

The reasons are as below:

1. The Company has already disposed of all its interests in Five Color Stone and WI Capital in the financial year ended 31 December 2022 (the "Disposals"). Upon completing the Disposals, the Group no longer held any interest in these two investees.

2. During the annual audit for the year ended 31 December 2022, the Current Auditor had discussed with the management of the Company as well as Audit Committee regarding the qualified opinion. The Directors of the Company are of the view that the limitation of scope was one-off and non-recurring incident which had possible effects only on the current year's figures and comparative figures presented or disclosed in the consolidated financial statements of the Group for the year ended 31 December 2022 in relation to the Group's interests in Five Color Stone and WI Capital, but had no possible effects on the closing balances of assets and liabilities, as at 31 December 2022. Hence the qualified opinion for the year ending 31 December 2023 would be on the comparability of the related current year's figures and corresponding figures. The Current Auditor has confirmed that they concur with this view of the Audit Committee and the Board.

Therefore, the qualified opinion has no continuing effect in the future financial years of the Group.

Directors' Report

DIRECTORS

The Directors who held office during the year and up to the date of this annual report were:

Executive directors:

Mr. Huang Binghuang *(Chairman and Chief Executive Officer)*
Ms. Xia Ping
Ms. Wang Lijiao (redesignated from a non-executive director to an executive director on 18 November 2022)

Non-executive director:

Ms. Wang Lijiao (redesignated from a non-executive director to an executive director on 18 November 2022)

Independent non-executive directors:

Mr. Duan Rihuang
Mr. Wang Rongfang
Mr. Tso Sze Wai

In accordance with the Company's Bye-law 84(1), Mr. Huang Binghuang and Ms. Wang Lijiao, will retire from office by rotation, being eligible, offer themselves for re-election as directors at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and considers each of the independent non-executive Directors is independent.

Save as disclosed in this report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-law 164(1), the directors, secretary and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to any of said persons. Such provision was in force during the year ended 31 December 2022 and remained in force as of the date of this report as required by section 470 of the Hong Kong Companies Ordinance.

The Company had arranged for appropriate insurance cover in respect of legal actions against directors before the year 2022. However, since 2022, the company has not yet made this insurance arrangement as the Board considered that no suitable director liability insurance could be identified on the market which could provide adequate suitable security to the Directors.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme as set out in the section headed "Share Option Scheme", at no time during the year ended 31 December 2022 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares or debentures of the Company or any other body corporate; and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year ended 31 December 2022.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out in the section headed "Share Option Scheme", no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2022 or subsisted at the end of the year.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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	2,112,395,735 ordinary shares	74.93%

Note:

Mr. Huang Binghuang ("Mr. Huang") was deemed to be interested in the 2,112,395,735 shares held by China Asia Graphene Holding Group Co. Limited as Mr. Huang indirectly holds 90% of the shares of China Asia Graphene Holding Group Co. Limited.

Save as disclosed above, as at 31 December 2022, 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.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any executive Director or any person engaged under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

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 and approximately 9.34% of the issued shares of the Company as at the date of the annual report.

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. On the date of this report, the total number of Shares available for issue under the Scheme were 281,910,208, representing 10% of the issued Shares of the Company as at the date of the approval of refreshment of the Scheme limit and approximately 10% of the issued shares of the Company as at the date of this report.

During the year ended 31 December 2022, no Option had been granted, exercised, lapsed, or was cancelled under the Scheme and there were no outstanding options under the Scheme.

As at the date of this annual report, there is no outstanding Option exercisable 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.

Directors' Report

SHARE OPTION SCHEME (CONTINUED)

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 Options may be accepted within twenty-one days from the date of offer upon an initial payment of HK$1 in total 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.

Vesting period

The Options granted under the Scheme shall be subject to such vesting conditions and periods as may be determined by the Company.

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.

In order to offer flexibility to the remuneration structure of the Company and to attract talent, the Company intends to adopt a new share option scheme after the expiry of the Scheme, which will be subject to shareholders' approval at a general meeting to be convened in due course.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 36 to the financial statements, no transaction, arrangement or contract of significance to which the company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the company (or an entity connected with a director) had a material interest, subsisted at the end of the year or at any time during the year.

DISCLOSURE OF INFORMATION ON DIRECTORS

There has been no change to the information of the Directors as at the date of this annual report that is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings every year. Other emoluments are determined by the Board on the recommendation of the Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Group. No Director or any of his or her associates was involved in deciding his or her own remuneration. The Company has a share option scheme as an incentive to the Directors and eligible employees, details of the scheme are set out in the section headed Share Option Scheme. In order to offer flexibility to the remuneration structure of the Company and to attract talent, the Company intends to adopt a new share option scheme after the expiry of the existing scheme, which will be subject to shareholders' approval at a general meeting to be convened in due course.

RELATED PARTY TRANSACTIONS

Details of transactions between the Group and parties regarded as "Related Parties" under applicable accounting principles are set out in note 36 to the financial statements. No transaction disclosed thereto constitutes connected transaction or continuing connected transaction of the Company subject to, among other things, reporting, announcement or independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2022, none of the Directors or any of their respective close associates (as defined in the Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at 31 December 2022, the interests or short positions of the following substantial shareholders (other than persons who were directors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Long positions in shares and underlying shares of the company:

Name of shareholders	Nature of interest	Number and class of shares held	Percentage
China Asia Group (HK) Limited (Note 1)	Interest of controlled corporation	2,112,395,735	74.93%
Zhengbo International Corporation (Note 2)	Interest of controlled corporation	2,112,395,735	74.93%
深圳市中亞實業發展有限公司 (Note 3)	Interest of controlled corporation	2,112,395,735	74.93%
China Asia Graphene Holding Group Co. Limited	Beneficial Owner	2,112,395,735	74.93%

Notes:

1. China Asia Group (HK) Limited holds 41% of the beneficial interests in China Asia Graphene Holding Group Co. Limited which holds 2,112,395,735 shares of the Company. Therefore, China Asia Group (HK) Limited is deemed to have 2,112,395,735 shares of the Company held by China Asia Graphene Holding Group Co. Limited.

2. Zhengbo International Corporation holds 59% of the beneficial interests in China Asia Graphene Holding Group Co. Limited which holds 2,112,395,735 shares of the Company. Therefore, Zhengbo International Corporation is deemed to have 2,112,395,735 shares of the Company held by China Asia Graphene Holding Group Co. Limited.

3. 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 1 above, 深圳市中亞實業發展有限公司 is deemed to have 2,112,395,735 shares of the Company held by China Asia Graphene Holding Group Co. Limited.

Save as disclosed above, as at 31 December 2022, 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.

LOAN AGREEMENT

1. On 16 March 2022, the Company was informed by the bank that subject to formal documentation, the bank loans had in principle been approved for an extension of a half year and a further a half year.

2. On 14 March 2023, the Company has drawn the renewed bank loans which should be fully repaid within 48 months from drawdown date as follows:

No. of installments	Principal repayment date	Repayment amount of each installment
1st	12 months after March 2023	10% of the original principal amount
2nd	24 months after March 2023	10% of the original principal amount
3rd	36 months after March 2023	10% of the original principal amount
4th	48 months after March 2023	All the outstanding balance

As at 31 December 2022, there was outstanding bank loans in the original principal amount of HK$160,000,000.

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 year ended 31 December 2022.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

DONATIONS

During the year, the Group had not made any charitable donations.

Directors' Report

AUDITORS

A resolution was approved by the shareholders at the annual general meeting of the Company held on 30 May 2022, under which ZHONGHUI ANDA CPA Limited ("ZHONGHUI") was re-appointed as the auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

On 11 July 2022, ZHONGHUI resigned as the auditor of the Company and Fan, Chan & Co. Limited ("Fan Chan") was appointed as the auditor of the Company to fill the vacancy following the resignation of ZHONGHUI. Please refer to the announcement of the Company dated 11 July 2022 for more details regarding the change of auditor.

The consolidated financial statements of the Company for the year ended 31 December 2022 were audited by Fan Chan. Fan Chan shall retire as auditor of the Company at the forthcoming annual general meeting and shall be subject to appointment by the shareholders. A resolution for the re-appointment of Fan Chan as auditor of the Company will be proposed at the forthcoming annual general meeting.

Other than those disclosed above, there was no change in auditors in any of the preceding three years.

On behalf of the Board

Huang Binghuang
Chairman

Hong Kong, 30 March 2023

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 year ended 31 December 2022 (the "Year"), 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 for the Year. 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the Year.

Corporate Governance Report

BOARD OF DIRECTORS

Composition of the Board of Directors

The composition of the Board during the Year and up to the date of this Report was as follows:

Executive directors:

Mr. Huang Binghuang *(Chairman)*
Ms. Xia Ping
Ms. Wang Lijiao (redesignated from a non-executive director to an executive director on 18 November 2022)

Non-executive director:

Ms. Wang Lijiao (redesignated from a non-executive director to an executive director on 18 November 2022)

Independent non-executive directors:

Mr. Duan Rihuang
Mr. Wang Rongfang
Mr. Tso Sze Wai

The following table shows the attendance of each individual member of the Board at the respective meetings of the Board and the respective Board Committees as well as the general meeting held during the Year.

Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive directors:					
Mr. Huang Binghuang	11/11	N/A	N/A	2/2	1/1
Ms. Xia Ping	11/11	N/A	2/2	N/A	1/1
Ms. Wang Lijiao (Note)	11/11	3/3	N/A	N/A	1/1
Independent non-executive directors:					
Mr. Duan Rihuang	11/11	4/4	2/2	2/2	1/1
Mr. Wang Rongfang	11/11	4/4	2/2	2/2	1/1
Mr. Tso Sze Wai	11/11	4/4	N/A	N/A	1/1

Note: Ms. Wang Lijiao was designated from a non-executive director to an executive director on 18 November 2022 and therefore she ceased to be the member of Audit Committee since that date.

BOARD OF DIRECTORS (CONTINUED)

Functions of the Board

The Board supervises the management of the business and affairs of the Company and its subsidiaries (the "Group"). Apart from its statutory duties, the Board reviews and approves the Group's strategic plans, key operational initiatives, major investments and funding decisions, annual business plans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management personnel.

Guidelines are established which specify certain material transactions that require the Board's approval which include mergers and acquisitions, divestments and major capital expenditure.

The Board has separate and independent access to management and the company secretary. Management provides the Board with reports of the Group's performance, financial position and prospects, and these are reviewed by the Board at Board meeting. Directors may obtain independent professional advice in furtherance of their duties at the Group's expense.

Board Independence

The Group has established mechanisms to ensure that independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board:

- At least one-third of the Board are independent non-executive directors in compliance with the Listing Rules requirements, and the Company will assess the independence of the independent non-executive Directors on at least an annual basis.

- The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Directors before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.

- All Directors and committees of the Board are entitled to retain independent professional advisors as and when it is required.

- All Directors are encouraged to express their views in an open and candid manner during the Board/ Board committee meetings.

- The Chairman of the Board will meet with the independent non-executive Directors at least annually without the presence of the executive Directors.

BOARD OF DIRECTORS (CONTINUED)

Board Independence (Continued)

- A Director (including independent non-executive Directors) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.

- No equity-based remuneration with performance-related elements will generally be granted to independent non-executive Directors.

The Board would review the implementation and effectiveness of the above mechanisms on an annual basis.

Directors' continuous professional development

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills.

During the Year, all directors received briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to rules and regulations applicable to the Company were provided to them. The Company has received from each of Directors the confirmation on and training record of taking continuous professional training.

	Reading materials	**Attending seminars/ briefings**
Executive directors:		
Mr. Huang Binghuang	✔	✔
Ms. Xia Ping	✔	✔
Ms. Wang Lijiao (Note)	✔	✔
Independent non-executive directors:		
Mr. Duan Rihuang	✔	✔
Mr. Wang Rongfang	✔	✔
Mr. Tso Sze Wai	✔	✔

Note: Ms. Wang Lijiao was redesignated from a non-executive director to an executive director with effect from 18 November 2022.

CHAIRMAN

During the Year, Mr. Huang Binghuang performs the role of the Chairman of the Company. Mr. Huang Binghuang focuses on formulating the corporate direction and strategies of the Company.

NON-EXECUTIVE DIRECTORS

All the non-executive and independent non-executive directors have entered into letters of appointment with the Company for a term of three years subject to the requirements of the Listing Rules and the Bye-laws of the Company, including the requirement of retirement by rotation and re-election or standing for re-election at annual general meetings of the Company at least once every three years.

BOARD COMMITTEES

Audit committee

The Company established an audit committee (the "Audit Committee") with written terms of reference available on the Stock Exchange's website and the Company's website. The audit committee is responsible for reviewing and monitoring the financial reporting process and internal control system of the Company, and shall assist the Board to fulfill its responsibility over the audit process.

During the Year and up to the printing date of this Report, the Audit Committee comprises all independent non-executive directors of the Company (except for Ms. Wang Lijiao who was a non-executive director prior to her redesignation from a non-executive director to an executive director on 18 November 2022), as follows:

Mr. Tso Sze Wai *(Chairman of the Audit Committee)*
Ms. Wang Lijiao (ceased to act as member of Audit Committee on 18 November 2022)
Mr. Duan Rihuang
Mr. Wang Rongfang

During the Year, the Audit Committee met four occasions with the presence of external auditors and discharged its responsibilities in its review of the annual results. The work performed by the Audit Committee for the Year included reviewing and discussion of the following:

a. the consolidated financial statements for the year ended 31 December 2021 of the Group, with a recommendation to the Board for approval;

b. the appointment of the external auditor, the remuneration and terms of engagement of external auditor, with a recommendation to the Board for approval;

c. the risk management and internal control system of the Group;

Corporate Governance Report

BOARD COMMITTEES (CONTINUED)

Audit committee (Continued)

d. the audit process and its effectiveness, audit fees and independence and objectivity of the external auditors for the Year, with a recommendation to the Board for approval; and

e. the compliance status of the Group with the Listing Rules and legal requirements in relation to financial reporting.

The Audit Committee has reviewed the consolidated financial statements for the Year of the Group, with a recommendation to the Board for approval.

Remuneration committee

The Company established a remuneration committee (the "Remuneration Committee") with written terms of reference available on the Stock Exchange's website and the Company's website. The primary responsibilities of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration policy and structure relating to all directors and senior management of the Company.

During the Year and up to the printing date of this Report, the Remuneration Committee comprises all independent non-executive directors (except Ms. Xia Ping who is an executive director) of the Company, they are as follows:

Mr. Wang Rongfang *(the Chairman of the Remuneration Committee)*
Mr. Duan Rihuang
Ms. Xia Ping

During the Year and up to the printing date of this Report, the Remuneration Committee held three meetings and preformed the work included the followings:

a. reviewing and discussing the remuneration package of the existing and new appointment of the directors of the Company; and

b. making recommendation of new remuneration packages of the directors and communicating to the Board.

The remuneration of directors is determined with reference to their duties and responsibilities, market conditions and performance of the Group. Details of emoluments of directors for the Year are set out in note 14 to the financial statements.

BOARD COMMITTEES (CONTINUED)

Remuneration committee (Continued)

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of senior management by band for the Year is set out below:

In the board of	Number of individuals
Nil to HK$1,000,000	3

Nomination committee

The Company established a nomination committee (the "Nomination Committee") with written terms of reference available on the Stock Exchange's website and the Company's website. The primary responsibilities of the Nomination Committee are to review the structure, size, composition and diversity of the Board on a regular basis and to make recommendations to the Board the suitable candidates for directorship after consideration of the nominees' independence and quality in order to ensure fairness and transparency of all nominations.

During the Year and up to the printing date of this report, the Nomination Committee comprises all independent non-executive directors (except Mr. Huang Binghuang who is an executive director) of the Company, they are as follows:

Mr. Huang Binghuang *(the Chairman of the Nomination Committee)*
Mr. Duan Rihuang
Mr. Wang Rongfang

During the Year and up to the printing date of this report, the Nomination Committee held three meetings and preformed the work included the followings:

a. reviewing the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board;

b. reviewing the new appointment of the executive director and the independent non-executive directors;

c. reviewing the re-appointment of retiring directors for re-election;

d. assessing the independence of the independent non-executive directors; and

e. making recommendation to the Board on the appointment of director.

NOMINATION POLICY

The secretary of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for director include, inter alia, reputation for integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Measurable objective that the Board set for implementing the diversity policy is that at least one Director is female. For the Year, this measurable object has been fulfilled. As at the date of this report, the female-to-male ratio of the Board members was 1:2 and the female-to-male ratio of the workforce (including the senior management) was 2:1, reflecting a gender equality principle generally adhered by the Group.

The Board is mindful of the objectives for the factors as set out in the diversity policy for assessing the candidacy of the Board members and will ensure that any successors to the Board shall follow the diversity policy. Similar considerations will also be in place to assess the candidacy of the senior management team from time to time. The Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio. The Nomination Committee will discuss periodically and when necessary, agree on further measurable objectives and plans for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption. At present, the Board has not set any further measurable objectives or plans.

CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board pursuant to the applicable code provisions of the CG Code which include:

a. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

b. to review and monitor the training and continuous professional development of the directors and senior management of the Company;

c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the directors of the Company; and

e. to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Board had reviewed the corporate governance matters of the Company for the Year, except for the deviation disclosed previously, the Company had complied with the principles and applicable code provisions of the CG Code and was not aware of any non-compliance to relevant applicable legal and regulatory requirements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements for the Year, which give a true and fair view of the state of affairs of the Company and of the Group at the date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and accounting standards. Save as disclosed in the section "Material Uncertainty Related to the Going Concern" in the Independent Auditor's Report, the directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report on pages 39 to 45 of the Annual Report 2022.

AUDITORS

On 11 July 2022, ZHONGHUI ANDA CPA Limited ("ZHONGHUI") resigned as the auditor of the Group and Fan, Chan & Co. Limited ("Fan Chan") has been appointed as the new auditor of the Group to fill the causal vacancy following the resignation of ZHONGHUI and will continue as such until the forthcoming annual general meeting of the Company. The annual consolidated financial statements of the Group for the Year have been audited by Fan Chan. The auditor's responsibilities for the Group's financial statements are set out in the Independent Auditor's Report on pages 39 to 45 of the Company's Annual Report 2022.

The Audit Committee is responsible for evaluating the external auditor of the Group including but not limited to their independence and objectivity.

The fees of the external auditor of the Group for audit services amounted to HK$600,000 and no non-audit services was incurred for the Year.

COMPANY SECRETARY

Dr. Leung Wai Ping, Noel, the member of the Hong Kong Institute of Certified Public Accountants, was the Company Secretary who had taken not less than 15 hours of relevant professional training during the Year.

SHAREHOLDERS' RIGHTS

Convening a special general meeting

Pursuant to the Bye-law 58 of the Company, a special general meeting may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the principal place of business in Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two (2) months after the receipt of such written requisition. The Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business. If within twenty-one (21) days of the receipt of such written requisition, the Board fails to proceed to convene such special general meeting, the shareholder shall do so pursuant to the provisions of Section 74(3) of the Companies Act of Bermuda.

Putting enquiries to the board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company Secretary at the principal place of business in Hong Kong and the Company Secretary shall then forward the same to the appropriate executives of the Company or members in the Board for further handling.

SHAREHOLDERS' RIGHTS (CONTINUED)

Putting forward proposals at shareholders' meeting

A shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the principal place of business in Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

INVESTOR RELATIONS

The Company has adopted the Shareholders' Communication Policy. Under the Shareholders' Communication Policy, the Board shall maintain an on-going dialogue with the Shareholders and prospective investors and establish different channels of communication, including the shareholders' meeting and the Company's website, to ensure effective timely dissemination of information.

The Directors meet and communicate with shareholders at the general meeting of the Company. The Chairman proposes separate resolutions for each issue to be considered and put each proposed resolution to the vote by way of a poll. Voting results are posted on the Company's website on the day of the general meeting.

Our Company's website which contains corporate information, corporate governance practice, interim and annual reports, announcements and circulars issued by the Company enables the Company's shareholders to have timely and updated information of the Company.

The Board reviews the implementations and effectiveness of the Shareholders' Communication Policy on an annual basis. After review, the Board considered that the Shareholders' Communication Policy remained effective and was properly implemented given the multiple channels of communication in place during the Year.

AMENDMENT TO BYE-LAWS

On 30 May 2022, the Company passed a special resolution at the annual general meeting to amend its Bye-laws. Please refer to the circular of the Company dated 25 April 2022 and its announcement dated 30 May 2022 for details.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has established an internal audit function.

The Company has formulated a policy and procedures on disclosure of inside information (the "Policy") in accordance with Part XIVA of the Securities and Futures Ordinance, the Listing Rules and the Guidelines on Disclosure of Inside Information published by the Securities and Futures Commission. The policy applies to all employees of the Company. The Board will be responsible for adopting and periodically reviewing and updating the Policy.

Moreover, the Company has employed an external consultant to review and comment the Group's financial reporting procedures, system and internal controls for the Year. The consultant has provided to the Board a review report (the "Report") which contain recommendations to address the identified control design and implementation effectiveness. The Board has reviewed the Report and has made the improvement to the Company's risk management and internal control systems.

A year-end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually. The Board, through its review and the review made by the Audit Committee and the external consultant during the Year, considered that the risk management and internal control systems were effective and adequate.

Directors' Biographies

EXECUTIVE DIRECTORS

Mr. Huang Binghuang ("Mr. Huang"), aged 51, was appointed as an executive director, the chairman of the Board, the chief executive officer of the Company and the chairman of the Nomination Committee on 30 September 2019 and is currently a director of the subsidiaries of the Company, namely Super Homes Limited and China Graphene Holdings Limited. There is a service contract entered into between the Company and Mr. Huang on 20 April 2021, pursuant to which his appointment is for a term of three years commencing from 1 May 2021 (which shall continue for further successive periods until terminated by either party giving at least two (2) months' notice) but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Listing Rules and the Bye-laws of the Company. Mr. Huang graduated from the Chongqing University. Mr. Huang was the largest shareholder, executive director, CEO and Chief Operating Officer of Grand Field Group Holdings Limited (stock code: 115), a company listed on the Main Board of The Stock Exchange of Hong Kong from February 2007 to October 2008. Mr. Huang served as a consultant to the dean of Peking University, a member of Tenth Committee of the Chinese People's Political Consultative Conference (CPPCC) of Jiangxi Province and the special representative of Hong Kong and Macau of the Eleven Session of the CPPCC, a director of Overseas Friendship Association of Jiangxi. Mr. Huang also served as the executive vice chairman of the Hong Kong-Jiangxi Association of Societies, honorary chairman of the China-Africa Investment Club, vice chairman of the International Economic Development Research Center, honorary president of the China Forestry and Environment Promotion Association, vice president of the China Federation of Modern Service Industries, officer of the China Brand and Integrity Magazine (Shenzhen) Office, director of the Shenzhen Federation of Industry and Commerce, China Society for Promotion of the Guangcai Program, president of the Lions Clubs of Central Asia, and honorary chairman of many higher education and industry institutions. Mr. Huang is deemed to be interested in the 2,112,395,735 shares held by China Asia Graphene Holding Group Co. Limited as Mr. Huang indirectly holds 90% of the shares of China Asia Graphene Holding Group Co. Limited, which would fall to be disclosed to the listed issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Directors' Biographies

EXECUTIVE DIRECTORS (CONTINUED)

Ms. Xia Ping ("Ms. Xia"), aged 50, was appointed as an executive director of the Company and a member of the Remuneration Committee on 30 September 2019 and is currently a director of a number of subsidiaries of the Company, including Super Homes Limited and Cheung Kee Garden Limited. There is a service contract entered into between the Company and Ms. Xia on 20 April 2021, pursuant to which her appointment is for a term of three years commencing from 1 May 2021 (which shall continue for further successive periods until terminated by either party giving at least two (2) months' notice) but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Listing Rules and the Bye-laws of the Company. Ms. Xia graduated from the Fuzhou Teachers' College of East China University of Technology* (東華理工大學撫洲師範學院), majoring in Chinese Language and Literature in 1992 and the China Central Radio and TV University (中央廣播電視大學) in the PRC majoring in Chinese Language and Literature in 2005 and obtained the qualification of intermediate accountant issued by the Ministry of Finance of the PRC in 2006. Ms. Xia is the executive president of Shenzhen Haogang Zhongya Electronic City Group Co., Ltd (深圳市坣崗中亞電子城集團有限責任公司). Besides, Ms. Xia also acts as an executive director of Zhongya Daye Industrial Park Management Co., Ltd. (中亞大冶產業園管理有限公司), a director of Shenzhen Zhongya Film Industry Co., Ltd (深圳市中亞影視產業有限公司) and a supervisor of Shenzhen Zhongya Film Industry Co., Ltd (中亞視界科技(深圳)有限公司).

Ms. Wang Lijiao ("Ms. Wang"), aged 42, was appointed as a non-executive Director and a member of the Audit Committee on 30 September 2019 and was redesignated from a non-executive director to an executive director and ceased to be a member of the Audit Committee on 18 November 2022. Ms. Wang has entered into a service contract with the Company for a term of 3 years commencing from 18 November 2022 (which shall continue for further successive periods until terminated by either party giving at least two (2) months' notice). Ms. Wang is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Listing Rules and the Bye-laws of the Company. Ms. Wang has been serving as the chief financial officer of China Asia Zhi Ye Group Limited* (中亞置業集團有限公司) since 8 April 2008. Ms. Wang graduated from the Communication University of China (中國傳媒大學) in 2021 with a bachelor's degree in accounting through online studies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Duan Rihuang ("Mr. Duan"), aged 65, was appointed as an independent non-executive Director of the Company, a member of the Remuneration Committee, the Nomination Committee and the Audit Committee on 12 June 2020. Mr. Duan has entered into a service contract with the Company on 20 April 2021 pursuant to which his appointment is for a term of three years commencing from 1 May 2021 (which shall continue for successive periods until terminated by either party giving at least two (2) months' notice) but is subject to rotation and re-election as annual general meetings in accordance with the Listing Rules and the Bye-laws of the Company. Mr. Duan has over 26 years of experience in the managerial field. From 1987 to 1991, Mr. Duan held the position of the general manager of Jiangxi Liancheng Tourism Rental Company Limited* (江西聯城旅遊出租有限公司). During the period from 1992 to 1998, Mr. Duan was the vice chairman and the general manager of 江西百龍實業有限公司 (Jiangxi Bailong Shiye Company Limited*). From 2005 to 2010, Mr. Duan held the position as general manager of Jiangzi Ruiji Communication Technology Company Limited* (江西瑞吉通訊技術有限公司). Currently, Mr. Duan was also the vice chairman of Jiangnan Valve Company Limited* (江南閥門有限公司) from 2012 to 2022.

Mr. Wang Rongfang ("Mr. Wang"), aged 60, was appointed as the independent non-executive Director of the Company, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee with effect from 23 June 2021. Mr. Wang has entered into a service contract with the Company for a term of 3 years commencing from 23 June 2021 (which shall continue for further successive periods until terminated by either party giving at least two (2) months' notice). Mr. Wang is subject to retirement by rotation and re-election at annual general meeting(s) requirements in accordance with the Listing Rules and the Bye-laws of the Company. Mr. Wang graduated from Quanzhou Normal University* (泉州師範學院) in 1982 and obtained a bachelor's degree in philosophy. Mr. Wang has over 20 years' experience in construction and project management. In 2006, he served as the project manager (general management) of Fujian Huidong Construction Co., Ltd.* (福建惠東建築工程有限公司) in charge of the Riverside Hill Town Project* (水岸山城工程項目) in Fenggang Town, Dongguan, Guangdong. From 2008 to 2011, Mr. Wang served as the project head with Fujian Bajian Construction Co., Ltd.* (福建八建建築工程有限公司) in charge of the Shenzhen Bao'an Shajing Bogang Unified Building Project* (深圳寶安沙井壆崗統建樓工程項目). From 2012 to 2014, he served as the project general manager and deputy manager with Fujian Five Construction Development Group Co., Ltd.* (福建省五建建設集團有限公司) in charge of the China 20 MCC Zhuhai Hengqin Municipal Engineering (Ninth Section) Project* (中國二十冶珠海橫琴市政工程第九標段). From 2014 to 2017, he served as the project head (general management) with Fujian Mingcheng Construction (Group) Co., Ltd.* (福建名城建工有限公司) in charge of the Evergrande Lvzhou Phase II Project* (恒大綠洲二期工程項目). From 2017 to 2018, Mr. Wang served as the project head (general management) of Engineering Company of CCCC Fourth Harbor Engineering Co., Ltd* (中交四航局第三工程有限公司) in charge of the Kaichun Expressway Section TJO8 First Work Zone Road Foundation Project* (開春高速路 TJO8標第一工區路基工程項目). In 2019, Mr. Wang served as the project head of MCC 1 Malaysia 8cnlag Labour Service Construction Project (一冶馬來西亞8cnlag勞務施工項目) with MCC International (M) Sdn. Bhd.* (中冶國際馬來西亞有限公司). Since April 2020, Mr. Wang has been serving as the deputy general manager of Zhongan Zhonghui (Shenzhen) Industrial Co., Ltd.* (中安中慧（深圳）實業有限公司).

Directors' Biographies

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. Tso Sze Wai ("Mr. Tso"), age 52, was appointed as an independent non-executive Director and the chairman of the Audit Committee on 2 July 2021. Mr. Tso has entered into a service contract with the Company for a term of 3 years commencing from 2 July 2021 (which shall continue for further successive periods until terminated by either party giving at least two (2) months' notice). Mr. Tso is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Listing Rules and the Bye-laws of the Company.

Mr. Tso holds a bachelor's degree in Commerce awarded by University of New South Wales, Australia and a postgraduate diploma in Computing awarded by the University of Western Sydney, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Tso currently serves as an independent non-executive director of China Jicheng Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1027), since October 2016. Mr. Tso is also an independent non-executive director of a company the shares of which are listed on the Singapore Stock Exchange, namely Net Pacific Financial Holdings Limited (stock code: SGX:5QY), since July 2020. Mr. Tso has over 20 years of experience in accounting, corporate finance and corporate secretarial matters. He was a company secretary of Green Energy Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 979). Prior to that, Mr. Tso had held senior management positions in a number of listed companies in Hong Kong and Singapore.

SENIOR MANAGEMENT

Mr. Wang Yan, aged 44, was appointed as the executive president of the Company with effect from 2 September 2022, Mr. Wang Yan has 21 years of experience in property development, property management and industrial park related investment and operations in the People's Republic of China (the "PRC"). Prior to joining the Company, Mr. Wang Yan was the chairman and general manager of Guizhou Baikong Industrial Development Co., Ltd.* (貴州百控實業發展有限公司) from July 2013 to May 2022 and the general manager of Shenzhen Tianli Real Estate Group Co., Ltd.* (深圳市天利地產集團有限公司) from August 2008 to June 2013. From July 2002 to August 2008, Mr. Wang Yan served as a department manager and chairman of subsidiary(ies) of Shenzhen Mintai Group Co., Ltd.* (深圳閩泰集團有限公司). Mr. Wang Yan graduated from Jilin University with a bachelor's degree in engineering in 2001. Mr. Wang Yan is a mechanical engineer in the PRC.

范陳會計師行有限公司
Fan, Chan & Co. Limited

Independent Auditor's Report
To the shareholders of
China Asia Valley Group Limited
(Incorporated in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of China Asia Valley Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 116, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

1. Investment in associates – Five Color Stone Technology Corporation

As stated in the auditor's report issued by the auditors of the Group for the year ended 31 December 2021 (the "Predecessor Auditors"), the Predecessor Auditors were not provided with sufficient evidence regarding the Group's investment in associates as a consequence of the Company could not obtain sufficient accounting books and records of the associates for audit purpose due to the continuing uncooperative behavior of the relevant directors of the associates. As such, the Predecessor Auditors had qualified their opinion as to, inter alia, the carrying amount of the investment in associates with carrying value of HK$Nil as at 31 December 2021 and share of loss of HK$Nil of investment in associates for the year ended 31 December 2021 were properly recognised.

As disclosed in note 33(a) to the consolidated financial statements, during the year ended 31 December 2022, the Group disposed of the entire issued and paid-up shares of Sky Heritage Holdings Limited, which directly held the investment in the associates. Due to the facts and circumstances as stated above, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the Group's share of associates' result of HK$Nil for the period from 1 January 2022 to the date of disposal and for the preceding year ended 31 December 2021, the gain or loss on disposal of the associates recognised in consolidated profit or loss for the year ended 31 December 2022 and the carrying amount of the investment in associates of HK$Nil as at 31 December 2021 are materially misstated. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

2. Deconsolidation and limited accounting books and records of WI Capital Co., Limited and WI Graphene Co., Limited (collectively referred to as the "WI Group")

As stated in the auditor's report issued by the Predecessor Auditors for the year ended 31 December 2021, certain subsidiaries of the Company (being the WI Group) were deconsolidated from the Group since 31 December 2021 as a result of the situation that the Company could not exercise control over certain subsidiaries due to the continuing uncooperative behaviour of those subsidiaries' directors. No sufficient evidence had been provided to the Predecessor Auditors to satisfy themselves as to whether the Company had lost control of those subsidiaries on 31 December 2021.

In addition, no sufficient evidence had been provided to the Predecessor Auditors to satisfy themselves concerning these deconsolidated subsidiaries, as to the completeness of the transactions of the Group entered into for the year ended 31 December 2021, and the Group's financial position as at 31 December 2021. For the year ended 31 December 2021, the validity of the operating and administrative expenses of approximately HK$441,000 and gain on deconsolidation of subsidiaries of approximately HK$632,000 were also qualified by the Predecessor Auditors in these respects.

Furthermore, no sufficient evidence had been provided to the Predecessor Auditors to satisfy themselves as to the classification and amount of the remaining investment in the WI Group as at 31 December 2021.

In accordance with the requirements of Hong Kong Financial Reporting Standard ("HKFRS") 10 "Consolidated Financial Statements", all subsidiaries controlled by the Company and its subsidiaries are required to be included in the consolidated financial statements of the Group. The facts and circumstances described above do not show that the Group had lost control over the WI Group with effect from 31 December 2021. Further, as disclosed in note 33(b) to the consolidated financial statements, the WI Group was disposed by the Group in July 2022 with a gain on disposal of approximately HK$10,000 recognised in consolidated profit or loss for the year ended 31 December 2022. Under HKFRS 10, the Company should have consolidated the WI Group in its consolidated financial statements up until the date of loss of control over these entities.

Due to the facts and circumstances as stated above, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) whether the non-consolidation of the WI Group with effect from 31 December 2021 in the preparation of the consolidated financial statements of the Group was in accordance with the requirements of HKFRS 10 referred to above and (ii) the completeness of the transactions of the WI Group, the validity and completeness of the operating and administrative expenses of the WI Group of approximately HK$441,000 and the recording accuracy of the gain on deconsolidation of the WI Group of approximately HK$632,000 included in the consolidated financial statements of the Group for the year ended 31 December 2021. There were no satisfactory alternative audit procedures we could perform to satisfy ourselves that the consolidated financial statements do not contain material misstatements in respect of these matters. Consequently, we were unable to determine whether any adjustments to the consolidated financial statements were necessary.

Any adjustments to the figures as described from points 1 and 2 above might have consequential effects on the consolidated profit or loss and consolidated cash flows for the years ended 31 December 2022 and 2021 and the consolidated financial position of the Group as at 31 December 2021, and related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Materiality Uncertainty Related to the Going Concern

We draw attention to note 2 to the consolidated financial statements which states that the Group incurred a loss of approximately HK$47,007,000 for the year ended 31 December 2022 and as at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately HK$216,066,000. These conditions, along with other matters as set out in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgements and estimates required in determining their fair values. The Group's investment properties are measured at fair value of approximately HK$346,000,000, accounting for approximately 93.0% of the Group's total assets, as at 31 December 2022 with a fair value loss on investment properties of approximately HK$46,000,000 recognised in the consolidated statements of profit or loss and other comprehensive income for the year then ended as disclosed in note 19 to the consolidated financial statements. Management has engaged independent qualified professional valuers (the "Valuer") to determine the fair value of these properties. The valuation of these properties is significant to our audit as significant judgement and estimates are involved in determining the key inputs applied in the valuation techniques adopted by the Valuer.	Our procedures in relation to the valuation of investment properties included: – Evaluating the competency, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; – Understanding and evaluating the valuation techniques adopted and areas of key judgments; – Assessing the reasonableness of key inputs used by the valuers in the valuation techniques by checking to publicly available information, focusing on (a) the appropriateness of the comparable properties adopted, taking into account the property's nature, location and tenure for vacant portion; and (b) reasonableness of the capitalisation rates for tenanted properties; – checking arithmetical accuracy of calculations.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed a qualified opinion on those statements on 29 March 2022.

Other information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materiality inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materiality misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence regarding investment in associates and deconsolidated subsidiaries. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operation, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor’s Report

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number: P03702
Hong Kong, 30 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	**2022** ***HK$'000***	2021 *HK$'000* (Reclassified)
Revenue	*7*	**39,875**	37,810
Other income	*8*	**1,010**	504
Gain on disposal of subsidiaries		**20**	–
Gain on deconsolidation of subsidiaries	*32*	**–**	632
Staff costs		**(18,503)**	(17,186)
Depreciation and amortisation expenses		**(1,513)**	(1,827)
Other property management related expenses		**(9,355)**	(7,047)
Other operating and administrative expenses		**(7,297)**	(9,185)
Fair value loss on investment properties		**(46,000)**	–
(Loss)/profit from operations		**(41,763)**	3,701
Finance costs	*10*	**(4,854)**	(3,428)
(Loss)/profit before taxation		**(46,617)**	273
Income tax expense	*11*	**(390)**	(603)
Loss for the year	*12*	**(47,007)**	(330)
Other comprehensive (expense)/income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,032)**	161
Exchange differences reclassified to profit or loss on deconsolidation of subsidiaries		**–**	5,501
Other comprehensive (expense)/income for the year, net of tax		**(1,032)**	5,662
Total comprehensive (expense)/income for the year		**(48,039)**	5,332
Loss for the year attributable to:			
Owners of the Company		**(47,007)**	(330)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(48,039)**	5,332
Loss per share	*16*		
Basic (HK cent(s) per share)		**(1.67)**	(0.01)
Diluted (HK cent(s) per share)		**(1.67)**	(0.01)

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	17	**891**	1,192
Right-of-use assets	18	**364**	1,240
Investment properties	19	**346,000**	392,000
Investment in associates	20	**–**	–
		347,255	394,432
Current assets			
Inventories	21	**594**	603
Trade and other receivables	22	**6,273**	9,359
Tax recoverable		**32**	–
Pledged bank deposits	23	**14,891**	13,248
Cash and cash equivalents	23	**3,033**	5,991
		24,823	29,201
Current liabilities			
Trade and other payables	24	**15,187**	14,854
Amounts due to related companies	25	**65,357**	68,000
Current tax liabilities		**23**	280
Lease liabilities	27	**322**	1,087
Bank borrowings	26	**160,000**	160,000
		240,889	244,221
Net current liabilities		**(216,066)**	(215,020)
Total assets less current liabilities		**131,189**	179,412
Non-current liability			
Lease liabilities	27	**–**	184
NET ASSETS		**131,189**	179,228
Capital and reserves			
Share capital	29	**140,955**	140,955
Reserves	31	**(9,766)**	38,273
TOTAL EQUITY		**131,189**	179,228

The consolidated financial statements on pages 46 to 116 are approved and authorised for issue by the Board of Directors on 30 March 2023 and are signed on its behalf by:

Huang Binghuang *Director*	**Xia Ping** *Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company							
	Share capital	Share premium	Capital redemption reserve	Foreign currency translation reserve	Retained profits/ (Accumulated losses)	Sub-total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2021	140,955	26,770	121	(5,431)	11,468	173,883	13	173,896
Loss for the year	–	–	–	–	(330)	(330)	–	(330)
Other comprehensive income for the year	–	–	–	5,662	–	5,662	–	5,662
Total comprehensive income for the year	–	–	–	5,662	(330)	5,332	–	5,332
Acquisition of non-controlling interests without a change in control	–	–	–	1	12	13	(13)	–
At 31 December 2021	140,955	26,770	121	232	11,150	179,228	–	179,228
At 1 January 2022	**140,955**	**26,770**	**121**	**232**	**11,150**	**179,228**	**–**	**179,228**
Loss for the year	**–**	**–**	**–**	**–**	**(47,007)**	**(47,007)**	**–**	**(47,007)**
Other comprehensive expense for the year	**–**	**–**	**–**	**(1,032)**	**–**	**(1,032)**	**–**	**(1,032)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(1,032)**	**(47,007)**	**(48,039)**	**–**	**(48,039)**
At 31 December 2022	**140,955**	**26,770**	**121**	**(800)**	**(35,857)**	**131,189**	**–**	**131,189**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
Cash flows from operating activities		
(Loss)/profit before taxation	**(46,617)**	273
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	**1,513**	1,827
Interest income	**(101)**	(31)
Finance costs	**4,854**	3,428
Write off of other receivables	**–**	110
Allowance for inventories	**–**	29
Gain on deconsolidation of subsidiaries	**–**	(632)
Gain on disposal of subsidiaries	**(20)**	–
Fair value loss on investment properties	**46,000**	–
Loss on disposal of property, plant and equipment	**50**	–
Operating cash flows before working capital changes	**5,679**	5,004
Change in inventories	**9**	(158)
Change in trade and other receivables	**3,086**	(4,708)
Change in trade and other payables	**333**	647
Cash generated from operations	**9,107**	785
Income tax paid	**(679)**	(402)
Net cash generated from operating activities	**8,428**	383
Cash flows from investing activities		
Purchase of property, plant and equipment	**(126)**	(641)
Proceeds on disposal of property, plant and equipment	**5**	–
Proceeds on disposal of subsidiaries	**20**	–
Additions in pledged bank deposits, net	**(1,643)**	(2,167)
Net cash outflow on deconsolidation of subsidiaries	**–**	(13)
Interest received	**101**	31
Net cash used in investing activities	**(1,643)**	(2,790)

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 *HK$'000*	2021 *HK$'000*
Cash flows from financing activities		
Advance from the ultimate holding company	**15,357**	10,000
Repayment to the immediate holding company	**(15,000)**	–
Repayment to a shareholder of the immediate holding company	**(3,000)**	–
Repayment of lease liabilities (principal portion)	**(1,224)**	(1,055)
Lease interest paid	**(26)**	(55)
Interest paid on bank borrowings	**(4,828)**	(3,373)
Net cash (used in)/generated from financing activities	**(8,721)**	5,517
Net (decrease)/increase in cash and cash equivalents	**(1,936)**	3,110
Effect of foreign exchange rate changes	**(1,022)**	149
Cash and cash equivalents at beginning of year	**5,991**	2,732
Cash and cash equivalents at end of year	**3,033**	5,991
Analysis of cash and cash equivalents		
Bank balances and cash	**3,033**	5,991

1. GENERAL 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 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 set out in note 37 to the consolidated financial statements.

In the opinion of the directors of the Company (the "Directors"), as at the date of issue of this report, China Asia Graphene Holding Group Co. Limited (the "China Asia Graphene"), 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

Change of presentation of analysis of expenses

In the preparation of the consolidated financial statements for the year ended 31 December 2022, 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 consolidated 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 consolidated statement of profit or loss and other comprehensive income have been reclassified to conform to the current year's presentation.

2. BASIS OF PREPARATION (CONTINUED)

Going concern basis

The Group incurred a loss of approximately HK$47,007,000 for the year ended 31 December 2022 and the Group had net current liabilities of approximately HK$216,066,000 as at 31 December 2022. The Group's bank borrowings with a repayment on demand clause amounted to HK$160,000,000, which were due on 30 March 2023. As disclosed in note 26 to the consolidated financial statements, the Company has renewed the bank loans of the same principal amount which shall be repaid by instalments and, out of which HK$16,000,000 is due for repayment based on renewed scheduled repayment dates in the next twelve months from the date of approval of these consolidated financial statements. These conditions cast a significant doubt about the ability of the Group to continue as a going concern. Notwithstanding this fact, the Directors consider that it is appropriate to prepare the 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 from 31 December 2022 based on its projected cash flow forecasts. The Directors have reviewed the financial position of the Group as at 31 December 2022, including its working capital and bank and cash balances, together with the projected cash flow forecasts for the next twelve months from the reporting date and the Directors consider that the Group is financially viable to continue as a going concern.

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;

(b) the Controlling Shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due; and

(c) The Controlling Shareholder has stated that he would not demand for repayment of current account balances due to the Controlling Shareholder and the related companies for at least twelve months. In addition, loan agreements with facilities amount of HK$23,000,000 and repayable on 31 March 2026 were obtained from the Controlling Shareholder before the date of approval of the consolidated financial statements, and HK$2,000,000 was drawn down on 27 March 2023.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Should the Group be unable to achieve the above plans and measures such that it would not be operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. BASIS OF PREPARATION (CONTINUED)

Deconsolidation and disposal of subsidiaries

The consolidated financial statements have been prepared based on the books and records maintained by the Group. The Directors consider that the Company no longer had the power to govern the financial and operating policies of WI Capital Co., Limited and its subsidiary, WI Graphene Co., Limited (hereinafter collectively known as the "WI Group"), and the control over them was lost on 31 December 2021 due to the continuing uncooperative behavior of WI Group's directors. The Directors considered that the control over WI Group had been lost since 31 December 2021. The results, assets, liabilities and cash flows of WI Group were deconsolidated from the consolidated financial statements of the Group since 31 December 2021. In July 2022, all issued shares of the WI Capital Co., Limited held by the Company were disposed of at a consideration of HK$10,000. Details are set out in notes 32 and 33 to the consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are first effective for the current accounting period of the Group.

– Amendments to HKFRS 3 Reference to the Conceptual Framework

– Amendments to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

– Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

– Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

– Annual Improvements to HKFRSs 2018–2020

The application of the amendments to the standards listed above in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

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

	Effective for accounting periods beginning on or after
• HKFRS 17, Insurance Contracts (including the October 2020 and February 2022 Amendments to HKFRS 17)	1 January 2023
• Amendments to HKFRS 10 and HKAS 28, Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
• Amendments to HKFRS 16, Lease Liability in a Sales and Leaseback	1 January 2024
• Amendments to HKAS 1, Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
• Amendments to HKAS 1, Non-current Liabilities with Covenants	1 January 2024
• Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies	1 January 2023
• Amendments to HKAS 8, Definition of Accounting Estimates	1 January 2023
• Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the investment properties which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive expenses for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combination and goodwill (Continued)

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Associates (Continued)

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in consolidated profit or loss during the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold improvement	Over the lease terms
Furniture and equipment	2 to 5 years
Motor vehicles	5 years

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in consolidated profit or loss.

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are recognised in consolidated profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in consolidated profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	Over the lease terms

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less.

The Group as lessor

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Horticultural plants

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in consolidated profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in consolidated profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in consolidated profit or loss.

Financial assets of the Group are classified at financial assets at amortised cost.

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in consolidated profit or loss as an impairment gain or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Other financial liabilities

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other revenue

Rental income is recognised on a straight-line basis over the lease terms.

Interest income is recognised using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income (subject to a ceiling of monthly relevant income of HK$30,000). Contributions to the plan vest immediately.

The Group also participates in a defined contribution retirement scheme organised by the government in the The People's Republic of China (the "PRC"). The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

The employees of the Group's subsidiaries registered in Japan are members of the pension scheme operated by the Japan local government. The subsidiaries in Japan are required to contribute certain pre-fixed amounts of contribution, according to the level of income for each employee to the pension scheme to fund the benefits. The only obligation of the Group in respect of the pension scheme is the required contributions under the pension scheme.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in consolidated profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (A);

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgments in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon certain measures taken by the Directors to improve the Group's financial position, immediate liquidity, cash flows, profitability and operations as explained in note 2 to the consolidated financial statements.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Critical judgments in applying accounting policies (Continued)

(b) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the Directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair value of the investment properties. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The Directors have exercised their judgment and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(c) Income tax

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, the management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities, including Hong Kong dollars ("HK$") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 December 2022 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables, pledged bank deposits and cash and cash equivalents. In order to minimise credit risk, the Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. The credit risk on pledged bank deposits and bank and cash balances is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

– internal credit rating;

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;

– actual or expected significant changes in the operating results of the customer; and

– significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

A significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

					Gross carrying amount	
	Notes	**External credit rating**	**Internal credit rating**	**12-months or lifetime ECL**	**At 31 December 2022**	**At 31 December 2021**
Financial assets at amortised cost						
Trade receivables	*22*	N/A	Low risk	Lifetime ECL (not credit impaired)	**4,730**	**7,966**
Other receivables	*22*	N/A	Low risk	12-month ECL	**1,213**	**1,160**
Pledged bank deposits	*23*	N/A	Low risk	12-month ECL	**14,891**	**13,248**
Cash and cash equivalents	*23*	N/A	Low risk	12-month ECL	**3,033**	**5,991**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Effective interest rate	On demand or less than 1 year *HK$'000*	More than 1 year but less than 2 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
At 31 December 2022					
Trade and other payables	–	**14,317**	**–**	**14,317**	**14,317**
Amounts due to related companies	–	**65,357**	**–**	**65,357**	**65,357**
Bank borrowings (note)	3.018%	**162,244**	**–**	**162,244**	**160,000**
Lease liabilities	0.932%	**325**	**–**	**325**	**322**
		242,243	**–**	**242,243**	**239,996**
At 31 December 2021					
Trade and other payables	–	**14,145**	**–**	**14,145**	**14,145**
Amounts due to related companies	–	**68,000**	**–**	**68,000**	**68,000**
Bank borrowings (note)	2.202%	**160,869**	**–**	**160,869**	**160,000**
Lease liabilities	1.888%	**1,110**	**185**	**1,295**	**1,271**
		244,124	**185**	**244,309**	**243,416**

Note:

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 year" time band in the above maturity analysis. Taking into account the Group's financial position and breach of the undertaking as stated in bank facilities, the Directors consider all amounts due or owing by the Company to the bank (including principal and interest accrued thereon) shall become immediately due and payable by the Company.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") and Prime rate arising from the Group's HK$ denominated borrowing.

At 31 December 2022, if the interest rates had been 100 basis points lower with all other variables held constant, consolidated loss for the year would have been HK$1,600,000 lower (2021: HK$1,600,000), arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher, with all other variables held constant, consolidated loss for the year would have been HK$1,600,000 higher (2021: HK$1,600,000), arising mainly as a result of higher interest expense on bank borrowings.

The Group's exposure to fair value interest rate risk arises primarily from the Group's lease liabilities which carry interest at fixed interest rates.

(e) Categories of financial instruments

	2022	2021
	HK$'000	*HK$'000*
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**23,685**	28,183
Financial liabilities:		
Financial liabilities at amortised cost	**239,996**	243,416

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the 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:

	Fair value measurement using:			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 31 December 2022				
Investment Properties				
– Residential units – Hong Kong	**–**	**–**	**346,000**	**346,000**
At 31 December 2021				
Investment Properties				
– Residential units – Hong Kong	–	–	392,000	392,000

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair values (Continued)

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

The Directors are responsible for the fair value measurements of assets required for financial reporting purposes.

Level 3 fair value measurements

Description	Valuation technique	Key Inputs	Fair Value 2022 HK$'000	Fair Value 2021 HK$'000
Residential units located in Hong Kong	Sales comparison approach	unit sales rate of HK$22,900 to HK$27,900 (2021: HK$26,200 to HK$30,700) per square feet on net floor area basis	**63,000**	41,000
	Income Approach	capitalisation rate of 2.5% (2021: 2.2%); rent at an average of HK$36.07 (2021: HK$38.99) per square feet per month; and unit sales rate of HK$22,700 to HK$27,900 (2021: HK$25,800 to HK$31,700) per square feet on net floor area basis for the purpose of deriving at reversionary potential of the property interest	**283,000**	351,000
			346,000	392,000

During the two years, there were no changes in the valuation methodology adopted by the Group for its investment properties. The sales comparison approach (with the benefit of vacant possession) is used as the valuation technique for residential units without tenancy at year end and the income approach is used for residential units with tenancy agreements at year end as this valuation technique takes into account the current rent receivable from existing tenancy agreements and reversionary potential of the property interests. Hence the sales comparison approach was used as the valuation technique for four (2021: three) residential units and the income approach was used as the valuation technique for the remaining residential units.

7. REVENUE

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

	2022	2021
	HK$'000	*HK$'000*
Rental income from investment properties	**5,764**	5,889
Provision of property management and other related services	**27,768**	25,407
Provision of horticultural services and sales of plants	**6,343**	6,514
	39,875	37,810

8. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Bad debts recovered	**112**	–
Interest income on bank deposits	**101**	31
Government grant	**377**	–
Others	**420**	473
	1,010	504

9. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports about the components of the Group that are regularly received and reviewed 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 Directors of the Company.

The Group has three operating segments as follows:

Property investment – engages in leasing out residential properties

Horticultural services and sale of plants – 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 for financial reporting properties are the three operating segments described above, which one strategic business units that offer different products and services. They are managed separately because each business requires different skills and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include unallocated administrative expenses, unallocated other income, unallocated other gains, 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, amounts due to related companies, unallocated corporate liabilities, and current 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.

9. SEGMENT INFORMATION (CONTINUED)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or services is as follows:

	2022 *HK$'000*	2021 *HK$'000*
Disaggregated by major products or services		
– Provision of property management and other related services	**27,768**	25,407
– Provision of horticultural services and sales of plants	**6,343**	6,514
Revenue from contracts with customers	**34,111**	31,921
Rental income from investment properties	**5,764**	5,889
Total revenue	**39,875**	37,810

	Timing of revenue recognition					
	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	**–**	**27,768**	**27,768**	-	25,407	25,407
Provision of horticultural services and sales of plants	**861**	**5,482**	**6,343**	802	5,712	6,514
Total	**861**	**33,250**	**34,111**	802	31,119	31,921

9. SEGMENT INFORMATION (CONTINUED)

(a) Disaggregation of revenue (Continued)

Provision of property management and other related services

Revenue from property management and other related services are recognised when the services are rendered.

Provision of horticultural services and sales of plants

The Group sells plants to the customers. Sales are recognised when control of the plants has transferred, being when the plants are delivered to the customer, there is no unfulfilled obligation that could affect the customer's acceptance of the plants and the customer has obtained legal titles to the plants.

Revenue from horticultural services is recognised when the services are rendered.

Provision of horticultural services and sales of plants to customers are normally made with credit terms of 30 days. A receivable is recognised when the plants are delivered or services are rendered to the customers as this is the point in time or over time that the consideration is unconditional because only the passage of time is required before the payment is due.

9. SEGMENT INFORMATION (CONTINUED)

(b) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2022

	Property investment *HK$'000*	Horticultural services and sale of plants *HK$'000*	Property management and other related services *HK$'000*	Total *HK$'000*
Revenue from customers	**5,764**	**6,358**	**27,768**	**39,890**
Intersegment revenue	**–**	**(15)**	**–**	**(15)**
Segment revenue from external customers	**5,764**	**6,343**	**27,768**	**39,875**
Segment (loss)/profit	**(43,855)**	**503**	**9,362**	**(33,990)**
Other income				**487**
Unallocated depreciation of property, plant and equipment and right-of-use assets				**(1,259)**
Other operating and administrative expenses				**(7,001)**
Finance costs				**(4,854)**
Loss before taxation				**(46,617)**

9. SEGMENT INFORMATION (CONTINUED)

(b) Segment revenues and results (Continued)

For the year ended 31 December 2021

	Property investment HK$'000	Horticultural services and sale of plants HK$'000	Property management and other related services HK$'000	Total HK$'000
Revenue from customers	5,889	6,525	25,407	37,821
Intersegment revenue	–	(11)	–	(11)
Segment revenue from external customers	5,889	6,514	25,407	37,810
Segment profit	545	1,660	9,173	11,378
Other income				380
Unallocated depreciation of property, plant and equipment and right-of-use assets				(455)
Other operating and administrative expenses				(7,602)
Finance costs				(3,428)
Profit before taxation				273

9. SEGMENT INFORMATION (CONTINUED)

(c) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

	At 31 December 2022 *HK$'000*	At 31 December 2021 *HK$'000*
Segment assets		
Property investment	**347,126**	394,855
Horticultural services and sale of plants	**2,409**	2,247
Property management and other related services	**6,416**	12,645
Total segment assets	**355,951**	409,747
Pledge bank deposits	**14,891**	13,248
Tax recoverable	**32**	–
Unallocated assets:		
Right-of-use assets	**177**	–
Cash and cash equivalents	**173**	113
Other assets	**854**	525
Consolidated total assets	**372,078**	423,633
Segment liabilities		
Property investment	**6,601**	7,778
Horticultural services and sale of plants	**2,286**	1,457
Property management and other related services	**3,104**	2,619
Total segment liabilities	**11,991**	11,854
Bank borrowings	**160,000**	160,000
Amounts due to related companies	**65,357**	68,000
Current tax liabilities	**23**	280
Unallocated liabilities:		
Other liabilities	**3,334**	4,271
Lease liabilities	**184**	–
Consolidated total liabilities	**240,889**	244,405

9. SEGMENT INFORMATION (CONTINUED)

(d) Other segment information

	Property investment *HK$'000*	Horticultural services and sale of plants *HK$'000*	Property management and other related services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2022					
Amounts included in measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment and right-of-use assets	–	220	34	1,259	1,513
Fair value loss of investment properties	46,000	–	–	–	46,000
Loss on disposal of property, plant and equipment	–	–	50	–	50
Other income	–	205	318	487	1,010
Additions to non-current assets	–	8	8	110	126

9. SEGMENT INFORMATION (CONTINUED)

(d) Other segment information (Continued)

	Property investment *HK$'000*	Horticultural services and sale of plants *HK$'000*	Property management and other related services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2021					
Amounts included in measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment and right-of-use assets	1,221	113	38	455	1,827
Other income	–	–	–	380	380
Write off of other receivables	100	–	–	10	110
Additions to non-current assets	449	180	12	–	641

9. SEGMENT INFORMATION (CONTINUED)

(d) Other segment information (Continued)

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	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**12,107**	12,403	**347,197**	394,285
The PRC except Hong Kong	**27,768**	25,407	**58**	147
Consolidated total	**39,875**	37,810	**347,255**	394,432

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

	2022	2021
	HK$'000	*HK$'000*
Provision of property management and other related services		
– Customer A	**4,454**	4,724

10. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on bank borrowings	**4,828**	3,373
Lease interest	**26**	55
	4,854	3,428

11. INCOME TAX EXPENSE

	2022	2021
	HK$'000	HK$'000
Current income tax – PRC Corporate Income Tax		
Provision for the year	**390**	603

No provision for Hong Kong Profits Tax has been made since the Company and its subsidiaries either have sufficient tax losses brought forward to set off against assessable profits or did not generate any assessable profits for the years ended 31 December 2022 and 2021. Should provision for Hong Kong Profits Tax be required, it is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tier Profit Tax rate regime.

PRC Corporate Income Tax of the subsidiaries of the Company in the PRC has been provided at applicable rates on the estimated assessable profits for the years ended 31 December 2022 and 2021. The applicable rates which may be lower than the standard rate of corporate tax at 25% represent the tax concessionary rates available to the small and medium-size enterprises in the PRC and are shown as follows:

Band of profits	**Applicable rates**
Within 1 million	2.5%
Between 1 to 3 million	5%
Over 3 million	25%

11. INCOME TAX EXPENSE (CONTINUED)

The reconciliation between the income tax expenses and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2022	2021
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(46,617)**	273
Tax at the domestic income tax rate of 16.5% (2021: 16.5%)	**(7,692)**	45
Tax effect of expenses that are not deductible	**9,547**	2,007
Tax effect of income that is not taxable	**(19)**	(113)
Tax effect of unused tax losses not recognised	**376**	448
Tax effect of utilisation of tax losses not previously recognised	**(178)**	(359)
Tax effect of temporary differences not recognised	**(454)**	(647)
Tax effect of tax concession	**(1,969)**	(1,558)
Tax effect of different tax rates of subsidiaries	**779**	780
	390	603

12. LOSS FOR THE YEAR

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

	2022	2021
	HK$'000	*HK$'000*
Auditor's remuneration	**600**	880
Cost of inventories sold or consumed	**1,121**	844
Depreciation of property, plant and equipment and right-of-use assets	**1,513**	1,827
Directors' remuneration	**2,465**	1,784
Expenses related to short-term leases	**43**	212
Gain on disposal of subsidiaries	**20**	–
Greening costs	**90**	1,257
Property management services fees	**1,405**	1,157
Building management, cleaning and utilities expenses	**1,057**	805
Maintenance costs	**4,191**	1,583
Legal and professional service fees (including the auditor's remuneration disclosed above)	**1,955**	4,397
Allowance for inventories	**–**	29
Write off of other receivables	**–**	110
Loss on disposal of property, plant and equipment	**50**	–
Direct operating expenses incurred for investment properties that generated rental income during the year	**2,862**	2,534
Direct operating expenses incurred for investment properties that did not generate rental income during the year	**122**	121

13. EMPLOYEE BENEFITS EXPENSE

	2022 **HK$'000**	2021 *HK$'000*
Staff costs including directors' remunerations:		
Salaries and allowances	**16,119**	15,766
Retirement benefit scheme contributions	**1,042**	967
Total employee benefits expense	**17,161**	16,733
Other employee welfare	**1,342**	453
Staff costs	**18,503**	17,186

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2021: one) directors whose emoluments are reflected in the analysis presented in note 14. The emoluments of the remaining three (2021: four) individuals are set out below:

	2022 **HK$'000**	2021 *HK$'000*
Basic salaries and allowances	**1,677**	1,753
Retirement benefit scheme contributions	**23**	19
	1,700	1,772

None of these individuals received any emolument from the Group as an inducement to join in the Group or compensation for loss of office, nor waived or has agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

The emoluments fell within the following band:

	2022	2021
HK$Nil to HK$1,000,000	**3**	4

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Name of Director				
Executive directors:				
Huang Binghuang	–	722	24	746
Xia Ping	–	500	8	508
Wang Lijiao (v)	–	292	–	292
	–	1,514	32	1,546
Independent non-executive directors:				
Duan Rihuang	200	–	–	200
Wang Rongfang (iii)	240	–	–	240
Tso Sze Wai (iv)	240	–	–	240
	680	–	–	680
Total for 2022	680	1,514	32	2,226

14. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

	Fees	Salaries and allowances	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of Director				
Executive directors:				
Huang Binghuang	–	666	–	666
Xia Ping	–	333	14	347
Zhao Juqun (i)	–	71	–	71
	–	1,070	14	1,084
Non-executive director:				
Wang Lijiao (v)	–	207	–	207
Independent non-executive directors:				
Lum Pak Sum (ii)	115	–	–	115
Duan Rihuang	134	–	–	134
Wang Rongfang (iii)	125	–	–	125
Tso Sze Wai (iv)	119	–	–	119
	493	–	–	493
Total for 2021	493	1,277	14	1,784

None of the Directors waived any remuneration during the year ended 31 December 2022 (2021: Nil).

During the years ended 31 December 2022 and 2021, there was no emoluments paid to the Directors as an inducement to join or upon joining the Group; or as compensation for loss of office.

14. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown above were mainly for her services as director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Notes (i) Mr. Zhao Juqun was resigned on 1 April 2021.

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

(iii) Mr. Wang Rongfang was appointed on 23 June 2021.

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

(v) Ms. Wang Lijiao was redesignated from a non-executive director to an executive director on 18 November 2022.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15. DIVIDENDS

The board of directors (the "Board") does not recommend the payment of any dividend for the year ended 31 December 2022 (2021: Nil).

16. 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:

	2022 ***HK$'000***	2021 *HK$'000*
Loss:		
Loss for the purpose of calculating basic and diluted loss per share attributable to owners of the Company	**(47,007)**	(330)

	2022 ***'000***	2021 *'000*
Number of shares:		
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 were the same as the Company had no dilutive potential ordinary shares in issue during the years ended 31 December 2022 and 2021.

17. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment *HK$'000*	Leasehold improvement *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:				
At 1 January 2021	2,726	3,438	2,272	8,436
Additions	91	180	370	641
Deconsolidation of subsidiaries	(365)	(1,820)	(1,313)	(3,498)
Exchange differences	66	(341)	282	7
At 31 December 2021 and 1 January 2022	**2,518**	**1,457**	**1,611**	**5,586**
Additions	**126**	**–**	**–**	**126**
Disposal	**(79)**	**–**	**–**	**(79)**
Exchange differences	**(13)**	**–**	**–**	**(13)**
At 31 December 2022	**2,552**	**1,457**	**1,611**	**5,620**
Accumulated depreciation and impairment loss				
At 1 January 2021	2,238	1,846	1,988	6,072
Charge for the year	199	204	360	763
Deconsolidation of subsidiaries	(332)	(798)	(1,312)	(2,442)
Exchange differences	1	–	–	1
At 31 December 2021 and 1 January 2022	**2,106**	**1,252**	**1,036**	**4,394**
Charge for the year	**124**	**70**	**169**	**363**
Disposal	**(24)**	**–**	**–**	**(24)**
Exchange differences	**(4)**	**–**	**–**	**(4)**
At 31 December 2022	**2,202**	**1,322**	**1,205**	**4,729**
Carrying amount				
At 31 December 2022	**350**	**135**	**406**	**891**
At 31 December 2021	412	205	575	1,192

18. RIGHT-OF-USE ASSETS

	Land and buildings *HK$'000*
Cost:	
At 1 January 2022	**3,191**
Additions	**274**
At 31 December 2022	**3,465**
Accumulated depreciation:	
At 1 January 2022	**1,951**
Charge for the year	**1,150**
At 31 December 2022	**3,101**
Carrying values	
At 31 December 2022	**364**
Cost:	
At 1 January 2021	3,191
Additions	–
At 31 December 2021	3,191
Accumulated depreciation:	
At 1 January 2021	887
Charge for the year	1,064
At 31 December 2021	1,951
Carrying values	
At 31 December 2021	1,240

18. RIGHT-OF-USE ASSETS (CONTINUED)

	2022 HK$'000	2021 HK$'000
Expenses relating to short-term leases	**42**	212
Repayment of principal portion of lease liabilities	**1,224**	1,055
Interest paid in lease liabilities	**26**	55
Total cash outflows for leases for the year	**1,292**	1,322

The Group leases its office and flower garden. Lease agreements are typically made for fixed periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

19. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
At 1 January	**392,000**	392,000
Fair value loss	**(46,000)**	–
At 31 December	**346,000**	392,000

The investment properties are held on long term lease in Hong Kong.

Investment properties were revalued as at 31 December 2022 by the sales comparison approach on the assumption that the properties could be sold with the benefit of vacant possession and income approach by taking into account the current rent receivable from the existing tenancy agreements and the reversionary potential of the property interests by LCH (Asia-Pacific) Surveyors Limited, an independent firm of surveyors who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

At 31 December 2022, the carrying amount of investment properties pledged as security for the Group's bank borrowings amounted to HK$346,000,000 (2021: HK$392,000,000).

20. INVESTMENT IN ASSOCIATES

	2022 **HK$'000**	2021 HK$'000
Unlisted investments:		
Share of net assets	**–**	12,211
Impairment loss	**–**	(12,211)
Carrying amount at year end	**–**	–

Details of the Group's associates at 31 December 2021 are as follows:

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Five Color Stone Technology Corporation	The Cayman Islands	30,000,000 ordinary shares of US$0.195 each	28%	Investment holding

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 on 12 January 2022, the Group ceased to have the above investment in associates as at 31 December 2022.

21. INVENTORIES

	2022 **HK$'000**	2021 HK$'000
Horticultural plants	**594**	603

22. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**4,730**	7,966
Allowance for doubtful debts	**(182)**	(182)
	4,548	7,784
Other prepayments	**512**	415
Rental and other deposits	**633**	594
Other receivables	**580**	566
	6,273	9,359

The credit term is generally 30 days for horticultural services. 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:

	2022 HK$'000	2021 HK$'000
0 to 90 days	**3,852**	5,726
91 to 180 days	**570**	1,743
181 to 365 days	**44**	291
Over 365 days	**82**	24
	4,548	7,784

Approximately HK$2,241,000 was subsequently settled after the end of the reporting period.

An allowance was made for estimated irrecoverable trade receivables of approximately HK$Nil (2021: HK$Nil) for the year ended 31 December 2022.

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Reconciliation of allowance for trade receivables:

	2022 HK$'000	2021 HK$'000
At 1 January	182	182
Impairment during the year	–	–
At 31 December	182	182

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 12 months past due	Total
At 31 December 2022						
Weighted average expected loss rate	–	–	–	–	68%	
Receivable amount (HK$'000)	387	3,484	548	45	266	4,730
Loss allowance (HK$'000)	–	–	–	–	(182)	(182)
At 31 December 2021						
Weighted average expected loss rate	–	–	–	–	88%	
Receivable amount (HK$'000)	551	5,204	1,714	291	206	7,966
Loss allowance (HK$'000)	–	–	–	–	(182)	(182)

23. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2022	2021
	HK$'000	*HK$'000*
Cash at bank and on hand	**17,924**	19,239
Less: Pledged bank deposits	**(14,891)**	(13,248)
Cash and cash equivalents	**3,033**	5,991

The Group's pledged bank deposits represented deposits pledged to bank to secure bank borrowings granted to the Group as set out in note 26 to the consolidated financial statements.

24. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**1,287**	1,226
Other payables and accrued charges	**10,749**	11,192
Amounts due to directors	**2,281**	1,727
Other tax payables	**174**	205
Contract liabilities	**696**	504
	15,187	14,854

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

	2022	2021
	HK$'000	*HK$'000*
0 to 90 days	**623**	501
91 to 180 days	**–**	725
Over 365 days	**664**	–
	1,287	1,226

The amounts due to directors are unsecured, interest-free and repayable on demand.

24. TRADE AND OTHER PAYABLES (CONTINUED)

The analysis of other payables and accrued charges are as follows:

	2022 **HK$'000**	2021 HK$'000
Accrued operating expenses	**1,699**	2,993
Accrued salaries to former directors	**6,761**	6,761
Other payables	**187**	239
Provision for long service payment	**1,009**	408
Rental deposit received	**1,093**	791
	10,749	11,192

25. AMOUNTS DUE TO RELATED COMPANIES

	2022 **HK$'000**	2021 HK$'000
Amount due to the immediate holding company	**–**	15,000
Amount due to the ultimate holding company	**65,357**	50,000
Amount due to a shareholder of the immediate holding company	**–**	3,000
	65,357	68,000

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

26. BANK BORROWINGS

	2022 *HK$'000*	2021 *HK$'000*
Bank loans	**160,000**	160,000

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

	2022 *HK$'000*	2021 *HK$'000*
Within 1 year	**160,000**	160,000

The Company's bank borrowings are denominated in HK$.

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

Bank loans of HK$160,000,000 (2021: HK$160,000,000) are secured by (i) the investment properties of carrying amount of HK$346,000,000 as disclosed in note 19 to the consolidated financial statements (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 (2021: HK$4,000,000), (iii) bank deposits (excluding the charged portion) of not less than HK$7,000,000 (2021: HK$7,000,000), (iv) deposit of rental income from investment properties to a designated bank account which is charged to the bank, and (v) maintenance of an 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) (2021: 60%).

On 14 March 2023, the Company has renewed and drawn the bank loans which should be fully repaid within 48 months from the drawdown date by instalments.

27. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**325**	1,110	**322**	1,087
In the second to fifth years, inclusive	**–**	185	**–**	184
	325	1,295	**322**	1,271
Less: Future finance charges	**(3)**	(24)	**–**	–
Present value of lease liabilities	**322**	1,271	**322**	1,271
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(322)**	(1,087)
Amount due for settlement after 12 months			**–**	184

At 31 December 2022, the average effective borrowing rate was 3% (2021: 3%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

28. DEFERRED TAXATION

At 31 December 2022, the Group has unused tax losses of approximately HK$348,997,000 (2021: approximately HK$355,965,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams. The tax losses of approximately HK$348,997,000 (2021: approximately HK$355,965,000) that are available for offsetting against future profits do not expire under current tax legislation in Hong Kong. All tax losses are subjected to be agreed by tax authority.

29. SHARE CAPITAL

	2022 ***HK$'000***	2021 *HK$'000*
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

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to shareholders through the optimisation of debt and equity balance.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Total debt comprises bank borrowings. Adjusted capital comprises all components of equity (i.e. share capital, retained profits and other reserves).

29. SHARE CAPITAL (CONTINUED)

The Group's long-term policy, which was increased from 2021, is that net debt should be in the range of 79% to 108% of adjusted capital. This policy aims to ensure that the Group secures access to finance at a reasonable cost and lowers its net of tax weighted average cost of capital. The debt-to-adjusted capital ratios at 31 December 2022 and at 31 December 2021 were as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Total debt	**160,000**	160,000
Less: pledged bank deposits	**(14,891)**	(13,248)
Less: cash and cash equivalents	**(3,033)**	(5,991)
Net debt	**142,076**	140,761
Total equity	**131,189**	179,228
Debt-to-adjusted capital ratio	**108%**	79%

The externally imposed capital requirements for the Group are:

(i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings.

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2022 HK$'000	2021 HK$'000
Non-current assets		
Property, plant and equipment	**23**	4
Interests in subsidiaries	**7,813**	7,813
	7,836	7,817
Current assets		
Prepayments, deposits and other receivables	**219**	212
Amounts due from subsidiaries	**–**	5,986
Pledged bank deposits	**14,891**	13,248
Cash and cash equivalents	**43**	43
	15,153	19,489
Current liabilities		
Trade and other payables	**3,290**	4,225
Amounts due to subsidiaries	**29,289**	18,340
Amount due to the immediate holding company	**–**	15,000
Amount due to the ultimate holding company	**65,357**	50,000
Amount due to a shareholder of immediate holding company	**–**	3,000
Bank borrowings	**160,000**	160,000
	257,936	250,565
Net current liabilities	**(242,783)**	(231,076)
NET LIABILITIES	**(234,947)**	(223,259)
Capital and reserves		
Share capital	**140,955**	140,955
Reserves	**(375,902)**	(364,214)
TOTAL EQUITY	**(234,947)**	(223,259)

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company:

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2021	26,770	121	234,897	(614,450)	(352,662)
Total comprehensive expense for the year	–	–	–	(11,552)	(11,552)
At 31 December 2021 and 1 January 2022	**26,770**	**121**	**234,897**	**(626,002)**	**(364,214)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(11,688)**	**(11,688)**
At 31 December 2022	**26,770**	**121**	**234,897**	**(637,690)**	**(375,902)**

31. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium reserve

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. The application of the share premium account is governed by the Companies Act 1981 of Bermuda.

31. RESERVES (CONTINUED)

(b) Nature and purpose of reserves (Continued)

(ii) Capital redemption reserve

The application of the capital redemption reserve is governed by the Companies Act 1981 of Bermuda.

(iii) Contributed surplus

The contributed surplus of the Company represents the difference between the nominal value of the shares issued by the Company and the aggregate of the share capital and the share premium accounts of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda, the Company may make distributions to its members out of contributed surplus in certain circumstances.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the consolidated financial statements.

32. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

As disclosed in note 2 to these consolidated financial statements, the Directors considered that the control of WI Group had been lost for the year ended 31 December 2021. The results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since 31 December 2021. The principal activities of WI Group was manufacturing and sale of graphene and graphene-related products.

Net liabilities of these subsidiaries as at the date of lost of control were as follows:

	HK$'000
Property, plant and equipment	1,056
Trade and other receivables	1,894
Cash and cash equivalents	13
Trade and other payable	(9,096)
Net liabilities	(6,133)
Release of foreign currency translation reserve	5,501
Gain on deconsolidation of subsidiaries	(632)
Net cash outflow arising on deconsolidation of subsidiaries:	
Cash and cash equivalents	13

Expenses of approximately HK$441,000 incurred by WI Graphene were included in the consolidated profit or loss of the Group for the year ended 31 December 2021. No revenue of WI Group was included in the Group 's revenue for the year ended 31 December 2021.

33. DISPOSAL OF SUBSIDIARIES

(a) Sky Heritage Holdings Limited

On 12 January 2022, the Group entered into a sales and purchases agreement with a third party to sell all issued shares of Sky Heritage Holdings Limited at a consideration of HK$10,000. The subsidiary Sky Heritage Holdings Limited was holding shares of Five Color Stone Technology Corporation, an associate of the Group.

(b) WI Capital Co. Limited

In July 2022, the Group entered into a sales and purchase agreement with a third party to sell all issued shares of WI Capital Co. Limited at a consideration of HK$10,000. A gain of HK$10,000 was recognised in the consolidated profit or loss upon the disposal during the year ended 31 December 2022. WI Capital Co. Limited and its subsidiary, WI Graphene Co., Limited were deconsolidated by the Group since the financial year ended 31 December 2021 as disclosed in note 32.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Due to a shareholder of immediate holding company *HK$'000*	Due to the ultimate holding company *HK$'000*	Due to the immediate holding company *HK$'000*	Lease liabilities *HK$'000*	Bank borrowings *HK$'000*	Total *HK$'000*
At 1 January 2021	3,000	40,000	15,000	2,326	160,000	220,326
Changes in cash flows	–	10,000	–	(1,110)	(3,373)	5,517
Non-cash changes						
– Interest expenses	–	–	–	55	3,373	3,428
At 31 December 2021 and 1 January 2022	**3,000**	**50,000**	**15,000**	**1,271**	**160,000**	**229,271**
Changes in cash flows	**(3,000)**	**15,357**	**(15,000)**	**(1,250)**	**(4,828)**	**(8,721)**
Non-cash changes						
– Inception of new lease	**–**	**–**	**–**	**275**	**–**	**275**
– Interest expenses	**–**	**–**	**–**	**26**	**4,828**	**4,854**
At 31 December 2022	**–**	**65,357**	**–**	**322**	**160,000**	**225,679**

35. LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year was approximately HK$5,764,000 (2021: approximately HK$5,889,000). All of the Group's investment properties are held for rental purposes. They are expected to generate rental yields of 2% (2021: 2%) on an ongoing basis.

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:

	2022	2021
	HK$'000	*HK$'000*
Within one year	**3,189**	3,532
In the second to fifth year inclusive	**419**	2,020
	3,608	5,552

36. RELATED PARTY TRANSACTIONS

Other than those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had no material transactions with its related parties during the years.

37. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries which principally affected the results, assets and liabilities of the Group as at 31 December 2022 were as follows:

Name	Place of incorporation and operation	Particulars of issued and paid-up capital	Percentage of ownership interest Indirect	Percentage of ownership interest Direct	Principal activities
China Graphene Holdings Limited	British Virgin Islands	100 ordinary share of US$1 each	100%	–	Investment holding
Cheung Kee Garden Limited	Hong Kong	100 ordinary share 450,000 non-voting deferred shares	–	100%	Provision of horticultural services and sales of plants
Super Homes Limited	Hong Kong	100 ordinary share 100 non-voting deferred shares	–	100%	Investment properties holding
China Asia Valley Property Management (Shenzhen) Co., Limited# 中亞烯谷物業管理（深圳）有限公司	The PRC	Nil	–	100%	Provision of property management and other related services
Shenzhen Zhongya Property Co., Limited# 深圳市中雅物業有限公司	The PRC	Nil	–	100%	Provision of property management and other related services
Shenzhen Zhongya Management Co., Limited# 深圳市中雅管理有限公司	The PRC	Nil	–	100%	Provision of property management and other related services

The company name in English is not the official name but a translation for reference only.

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 30 March 2023.

Information of Group's Properties

Particulars of the Group's major properties held for investment as at 31 December 2022 are as follows:

Location	Existing Use	Gross floor area sq. m.	Percentage interest attributable to the Group
30 units of The ICON, 38 Conduit Road, Mid-levels, Hong Kong	Residence	1,953	100%

The above properties are held under a Government Lease for a term of 999 years commencing from 25 June 1861, i.e. long term lease-hold situated in Hong Kong. They are held as investment properties for rental income.

Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is shown as follows:

	Year ended 31 December				
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**39,875**	37,810	17,216	13,458	16,529
(Loss)/profit before taxation	**(46,617)**	273	(22,878)	(10)	(88,805)
Income tax expense	**(390)**	(603)	(70)	–	(17)
Loss for the year	**(47,007)**	(330)	(22,948)	(10)	(88,822)
Loss for the year attributable to owners of the Company	**(47,007)**	(330)	(22,961)	(10)	(88,822)
Non-controlling interests	**–**	–	13	–	–
	(47,007)	(330)	(22,948)	(10)	(88,822)

	As at 31 December				
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Non-current assets	**347,225**	394,432	407,750	418,306	393,497
Current assets	**24,823**	29,201	9,828	8,844	12,860
Current liabilities	**(240,889)**	(244,221)	(242,627)	(230,308)	(209,501)
Non-current liabilities	**–**	(184)	(1,055)	–	–
Net assets	**131,189**	179,228	173,896	196,842	196,856
Equity attributable to owners of the Company	**131,189**	179,228	173,883	196,842	196,856
Non-controlling interests	**–**	–	13	–	–
Total equity	**131,189**	179,228	173,896	196,842	196,856

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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