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CHINA ASIA VALLEY GROUP LIMITED
中亞烯谷集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 63)

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

The board of directors (the “**Board**”) of China Asia Valley Group Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2024.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	<i>Notes</i>	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue			
Other income and gains	6	3,822	2,303
Staff costs		(13,047)	(8,733)
Depreciation expenses		(40,696)	(17,889)
Property investment related expenses		(359)	—
Property related expenses		(2,053)	(3,345)
Construction services related expenses		(1,792)	—
Other operating and administrative expenses		(3,541)	(2,626)
Fair value gain on investment properties		500	3,129
Profit from operations		15,578	15,544
Finance costs	7	(13,350)	(12,139)
Profit before tax		2,228	3,405
Income tax expense	8	(5)	(56)
Profit for the period	9	2,223	3,349

Notes	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	2,223	3,349
Other comprehensive expense		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(990)	(281)
Other comprehensive expense for the period, net of tax	(990)	(281)
Total comprehensive income for the period	1,233	3,068
Profit for the period attributable to:		
Owners of the Company	2,223	3,673
Non-controlling interests	–	(324)
	2,223	3,349
Total comprehensive income for the period attributable to:		
Owners of the Company	1,233	3,392
Non-controlling interests	–	(324)
	1,233	3,068
Earnings per share	<i>10</i>	
Basic and diluted (HK cent(s) per share)	0.03	0.10

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	<i>Notes</i>	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Non-current assets			
Right-of-use assets	12	1,324	1,810
Investment properties	13	728,046	748,905
Deposits paid to the landlord	14	257,347	254,037
Property, plant and equipment	15	1,048	812
Goodwill		200	200
		987,965	1,005,764
Current assets			
Trade and other receivables	16	42,572	32,282
Inventories		1,852	1,095
Contract assets		5,725	3,715
Pledged bank deposits		14,070	11,947
Cash and cash equivalents		26,584	20,461
		90,803	69,500
Current liabilities			
Trade and other payables	17	55,907	43,199
Amounts due to related parties	18	11,470	11,295
Current tax liabilities		36	22
Lease liabilities	19	67,606	64,879
Bank borrowings	20	128,000	144,000
		263,019	263,395
Net current liabilities		(172,216)	(193,895)
Total assets less current liabilities		815,749	811,869

	<i>Notes</i>	As at 30 June 2025	As at 31 December 2024
		HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current liabilities			
Amounts due to related parties	18	52,617	32,633
Lease liabilities	19	271,135	288,472
		<hr/>	<hr/>
		323,752	321,105
NET ASSETS		<hr/> 491,997	<hr/> 490,764
Capital and reserves			
Share capital	21	317,635	317,635
Reserves		174,362	173,129
		<hr/>	<hr/>
TOTAL EQUITY		491,997	490,764

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. COMPANY INFORMATION

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

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

As at the date of issuing these unaudited condensed consolidated financial statements for the Reporting Period (the “**Interim Financial Statements**”), in the opinion of the directors of the Company (the “**Directors**”), China Asia Group Inc., 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

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

The Interim Financial Statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, the Interim Financial Statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2024. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in those annual financial statements of the Company for the year ended 31 December 2024, except for the application of amendments to HKFRS Accounting Standards.

Going concern basis

The Group had net current liabilities of approximately HK\$172,216,000 as at 30 June 2025. 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 Interim Financial Statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligations as they fall due for at least the next twelve months from 30 June 2025 based on its projected cash flow forecasts. The Directors have reviewed the financial position of the Group as at 30 June 2025, 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;
- (c) The Controlling Shareholder has stated that he would not demand for repayment of current account balances due to him amounting to approximately HK\$40,840,000 for at least twelve months; and
- (d) the Group has obtained a letter from the bank in January 2025, in which it is stated that the bank does not expect the Borrowings would be demanded or cancelled in the next twelve months from the date of the letter unless there is occurrence of an event of default stipulated in the banking facility letter. Taking into account the Group's financial position, the Directors do not consider that it is probable that any event of default will occur in the next twelve months from the date of the letter.

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 Interim Financial Statements.

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application to amendments to HKFRS Accounting Standards

In the Reporting Period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the condensed consolidated financial statements:

- Amendments to HKAS 21 — Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the Reporting Period has had no material effect on the Group's financial positions and performance for the current and prior periods and/or disclosures set out in the Interim Financial Statements.

4. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

(a) Disclosures of level in fair value hierarchy:

Description	Fair value measurement using:			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2025 (unaudited)				
Investment Properties				
– Residential units				
– Hong Kong	–	–	355,500	355,500
At 31 December 2024 (audited)				
Investment Properties				
– Residential units				
– Hong Kong	–	–	355,000	355,000

(b) **Disclosures of valuation process used by the Group and valuation techniques and key inputs used in fair value measurements at 30 June 2025 and 31 December 2024:**

Level 3 fair value measurements

Description	Valuation technique	Key inputs	Fair Value	
			As at 30 June 2025	As at 31 December 2024
			HK\$'000 (unaudited)	HK\$'000 (audited)
Residential units located in Hong Kong	Income approach	Capitalisation rate; rent at an average per square feet per month on net floor area basis for the purpose of deriving at reversionary potential of the property interest	355,500	355,000

During the Reporting Period, there were no changes in the valuation techniques adopted by the Group for its investment properties.

5. REVENUE AND SEGMENT REPORTING

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

The Group has four operating segments as follows:

Property investment – engages in leasing out residential properties in Hong Kong and leasing services of leased properties under sub-lease agreements in the People's Republic of China (the "PRC")

Horticultural services and sale of plants – provides horticultural services and other related services

Property management and other related services – provides building management and other related services

Construction services – provides construction services for building and related services in the PRC (a new business established during the second half of 2024)

The Group's reportable segments for financial reporting properties are the four (2024: three) operating segment described above which are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated operating and administrative expenses, unallocated depreciation charges, unallocated other income and gains and finance costs. Segment assets do not include pledged bank deposits, tax recoverable, unallocated right-of-use assets, unallocated cash and cash equivalents and unallocated corporate assets. Segment liabilities do not include bank borrowings, amounts due to related parties, 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.

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Disaggregated by major products or services		
– Provision of construction services	1,771	–
– Provision of property management and other related services	9,009	9,639
– Provision of horticultural services and sales of plants	3,278	3,043
Revenue from contracts with customers	14,058	12,682
Rental income from the leased properties under sub-lease arrangement	54,784	26,567
Rental income from investment properties	3,902	3,456
Total revenue	72,744	42,705

	Timing of revenue recognition Six months ended 30 June					
	2025			2024		
	At a point in time HK\$'000 (unaudited)	Over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	At a point in time HK\$'000 (unaudited)	Over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Provision of construction services	-	1,771	1,771	-	-	-
Provision of property management and other related services	-	9,009	9,009	-	9,639	9,639
Provision of horticultural services and sales of plants	395	2,883	3,278	404	2,639	3,043
Total	395	13,663	14,058	404	12,278	12,682

(b) Segment revenues and results

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

For the six months ended 30 June 2025

	Property management and other				
	Horticultural Property investment		Construction related services	Construction services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue from customers	58,686	3,283	9,009	1,771	72,749
Intersegment revenue	-	(5)	-	-	(5)
Segment revenue from external customers	58,686	3,278	9,009	1,771	72,744
Segment profit	1,679	811	5,637	(2,123)	6,004
Other income and gains					5,472
Unallocated depreciation of property, plant and equipment and right-of-use assets					(569)
Other operating and administrative expenses					(5,446)
Finance costs					(3,233)
Profit before tax					2,228

For the six months ended 30 June 2024

	Property investment HK\$'000 (unaudited)	Horticultural services and sale of plants HK\$'000 (unaudited)	Property management and other related services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue from customers	30,023	3,049	9,639	42,711
Intersegment revenue	—	(6)	—	(6)
Segment revenue from external customers	<u>30,023</u>	<u>3,043</u>	<u>9,639</u>	<u>42,705</u>
Segment profit	10,015	888	2,263	13,166
Other income and gains				2,038
Unallocated depreciation of property, plant and equipment and right-of-use assets				(3)
Other operating and administrative expenses				(5,853)
Finance costs				<u>(5,943)</u>
Profit before tax				<u><u>3,405</u></u>

(c) Segment assets and liabilities

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

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Segment assets		
Property investment	1,025,889	1,025,391
Construction services	24,904	27,553
Horticultural services and sale of plants	3,257	2,659
Property management and other related services	6,376	4,163
 Total segment assets	 1,060,426	 1,059,766
Pledged bank deposits	14,070	11,947
Unallocated assets:		
Right-of-use assets	1,194	1,616
Cash and cash equivalents	1,574	700
Other assets	1,504	1,235
 Consolidated total assets	 1,078,768	 1,075,264
 Segment liabilities		
Property investment	365,851	384,929
Construction services	27,049	26,624
Horticultural services and sale of plants	1,013	1,115
Property management and other related services	21,514	4,356
 Total segment liabilities	 415,427	 417,024
Bank borrowings	128,000	144,000
Amounts due to related parties	40,840	21,035
Current tax liabilities	36	22
Unallocated liabilities:		
Other liabilities	1,946	807
Lease liabilities	522	1,612
 Consolidated total liabilities	 586,771	 584,500

(d) Other segment information

	Horticultural	Property management	and other	Construction	Unallocated	Consolidated
Property investment	services and sale of plants	related services	services		HK\$'000	HK\$'000
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)

For the six months ended 30 June 2025

Amounts included in measure of segment profit or loss
or segment assets:

Depreciation of property, plant and equipment, and right-of-use assets	2	83	10	17	569	681
Depreciation of investment properties	40,015	-	-	-	-	40,015
Fair value gain of investment properties	500	-	-	-	-	500
Other income and gains	51	341	231	2	3,197	3,822

	Horticultural	Property management	and other	Construction	Unallocated	Consolidated
Property investment	services and sale of plants	related services	services		HK\$'000	HK\$'000
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)

For the six months ended 30 June 2024

Amounts included in measure of segment
profit or loss or segment assets:

Depreciation of property, plant and equipment and right-of-use assets	16,445	69	8	1,367	17,889
Other income and gains	195	29	40	2,039	2,303
Additions to non-current assets	104	-	-	92	196

Geographical information:

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

	Revenue		Non-current assets	
	Six months ended		As at	As at
	30 June		30 June	31 December
	2025	2024	2025	2024
Hong Kong	7,180	6,499	615,408	661,636
The PRC except Hong Kong	65,564	36,206	372,557	344,128
Consolidated total	72,744	42,705	987,965	1,005,764

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

	Six months ended 30 June	
	2025	
	HK\$'000	
	(unaudited)	
Provision of property investment, property management and other related services		
– Customer A	13,042	–

The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2025	
	HK\$'000	
	(unaudited)	
Interest income on bank deposits	206	318
Imputed interest income on rental deposit paid	2,681	1,364
Others	935	621
	3,822	2,303

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on bank borrowings	3,222	5,926
Interest paid in lease liabilities	10,038	6,213
Interest on loan from the Controlling Shareholder	90	—
	13,350	12,139

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current income tax – PRC Corporate Income Tax		
Provision for the period	5	56

No provision for Hong Kong Profits Tax has been made since the Company and its subsidiaries either had sufficient tax losses brought forward to set off against assessable profits or did not generate any assessable profits for the Reporting Period and the six months ended 30 June 2024. Should provision for Hong Kong Profits Tax be required, it is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for these periods, except for one subsidiary of the Group which is a qualifying corporation under the two-tier Profits 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 Reporting Period and the six months ended 30 June 2024. 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 in Renminbi	Applicable rates
Within 1 million	2.5%
Between 1 to 3 million	5%
Over 3 million	25%

9. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Cost of inventories sold or consumed	407	432
Depreciation of property, plant and equipment and right-of-use assets	681	695
Depreciation of investment properties	40,015	17,194
Directors' remuneration	1,051	1,390
Greening costs	24	25
Building management, cleaning and utilities expenses	81	777
Maintenance costs	784	659
Legal and professional service fees	404	1,365
Allowance for inventories	—	(27)

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Profit for the purpose of calculating basic and diluted earnings per share attributable to owners of the Company	2,223	3,673
Number of shares:	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	6,352,702	3,829,305

The basic and diluted earnings per share for the Reporting Period and six months ended 30 June 2025 were the same as the Company had no dilutive potential ordinary shares in issue during the periods.

11. INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the Reporting Period (the six months ended 30 June 2024: Nil).

12. RIGHT-OF-USE ASSETS

	Land and buildings HK\$'000
Cost:	
At 1 January 2025 (audited) and at 30 June 2025 (unaudited)	<u>1,956</u>
Accumulated depreciation:	
At 1 January 2025 (audited)	146
Charge for the period	<u>486</u>
At 30 June 2025 (unaudited)	<u>632</u>
Carrying amount	
At 30 June 2025 (unaudited)	<u>1,324</u>
	Land and buildings HK\$'000 (audited)
Cost:	
At 1 January 2024	1,914
Additions	1,956
Derecognition	<u>(1,914)</u>
At 31 December 2024	<u>1,956</u>
Accumulated depreciation:	
At 1 January 2024	1,000
Charge for the year	1,060
Derecognition	<u>(1,914)</u>
At 31 December 2024	<u>146</u>
Carrying amount	
At 31 December 2024	<u>1,810</u>

	As at 30 June 2025 <i>HK\$'000</i> (unaudited)	As at 31 December 2024 <i>HK\$'000</i> (audited)
Repayment of principal portion of lease liabilities	471	471
Interest paid in lease liabilities	43	18
 Total cash outflows for leases for the period/year	514	489

The Group leases its office and flower garden. Lease agreements are typically made for fixed periods of 1 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.

13. INVESTMENT PROPERTIES

	As at 30 June 2025 <i>HK\$'000</i>	As at 31 December 2024 <i>HK\$'000</i>
At fair value model (<i>note a</i>)	355,500	355,000
At cost model (<i>note b</i>)	372,546	393,905
 728,046	748,905	

Note a:

	<i>HK\$'000</i>
At 1 January 2024 (audited)	348,000
Fair value gain	7,000
 At 31 December 2024 (audited) and 1 January 2025 (audited)	355,000
Fair value gain	500
 At 30 June 2025 (unaudited)	355,500

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

The fair values of the Group's investment properties as at 30 June 2025 and 31 December 2024 have been arrived on the basis of a valuation carried out on respective dates by Liberal Appraisal Limited, an independent qualified professional valuer not connected to the Group. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and inputs to the model and explain the cause of fluctuations in the fair values of the investment properties to the board of directors. Details refer to the note 4(b) to the condensed consolidated financial statements.

As at 30 June 2025, the carrying amount of investment properties pledged as security for the Group's bank borrowings amounted to approximately HK\$355,500,000 (31 December 2024: HK\$355,000,000).

Note b:

	Lease properties under sub-lease arrangements HK\$'000
Cost	
At 1 January 2025 (audited)	450,389
Additions	13,752
Exchange realignment	6,124
	<hr/>
At 30 June 2025 (unaudited)	470,265
 Accumulated depreciation:	
At 1 January 2025 (audited)	56,484
Charge for the period	40,015
Exchange realignment	1,220
	<hr/>
At 30 June 2025 (unaudited)	97,719
 Carrying amount	
At 30 June 2025 (unaudited)	372,546
	<hr/>

	Lease properties under sub-lease arrangements HK\$'000 (audited)
Cost	
At 1 January 2024	—
Additions	456,160
Exchange realignment	<u>(5,771)</u>
At 31 December 2024	<u>450,389</u>
Accumulated depreciation:	
At 1 January 2024	—
Charge for the period	57,247
Exchange realignment	<u>(763)</u>
At 31 December 2024	<u>56,484</u>
Carrying amount	
At 31 December 2024	<u>393,905</u>

14. DEPOSITS PAID TO THE LANDLORD

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Deposit paid to the landlord (<i>note</i>)	<u>257,347</u>	<u>254,037</u>

Note:

The Group has paid approximately HK\$257,347,000 (31 December 2024: HK\$254,037,000) to the landlord in relation to very substantial acquisition and connected transaction in relation to the tenancy agreement. The landlord is a connected party under the Chapter 14A of the Listing Rules. Details refer to the circular dated 31 October 2023.

The directors of the Company has assessed the financial position of the counterparty and are of the opinion that there was no significant credit risk and the expected credit loss was limited to 12-months expected credit losses. Therefore, ECL rate of these deposits were assessed to be close to zero and no provision was made as at 30 June 2025 and 31 December 2024.

15. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired items of property, plant and equipment at a cost of approximately HK\$427,000 (six months ended 30 June 2024: HK\$196,000).

16. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Trade receivables	39,635	29,260
Allowance for doubtful debts	(1,123)	(1,057)
	<hr/>	<hr/>
	38,512	28,203
Prepayments	1,104	2,090
Rental and other deposits	553	576
Other receivables	2,403	1,413
	<hr/>	<hr/>
	42,572	32,282

The credit term is generally 30 days for horticultural services and sales of plants business and 30 to 60 days for property investment business. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
0 to 90 days	35,661	25,232
91 to 180 days	244	256
181 to 365 days	1,000	1,582
Over 365 days	1,607	1,133
	<hr/>	<hr/>
	38,512	28,203

17. TRADE AND OTHER PAYABLES

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Trade payables	3,436	3,570
Other payables and accrued charges	8,823	24,340
Other tax payables	5,269	555
Contract liabilities	<u>38,379</u>	<u>14,734</u>
	<u>55,907</u>	<u>43,199</u>

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
0 to 90 days	1,800	1,305
91 to 180 days	1,157	2,265
Over 365 days	<u>479</u>	<u>–</u>
	<u>3,436</u>	<u>3,570</u>

18. AMOUNTS DUE TO RELATED PARTIES

	2025 HK\$'000	2024 HK\$'000
Amount due to a related company (<i>note a</i>)	23,247	22,893
Amount due to the Controlling Shareholder (<i>note b</i>)	40,840	21,035
	<hr/>	<hr/>
Less: non-current portion	64,087 (52,617)	43,928 (32,633)
	<hr/>	<hr/>
Current portion	11,470	11,295
	<hr/>	<hr/>

Notes:

- a. As at 30 June 2025, the amount due to a related company is related to a relative of the Controlling Shareholder, the balance is interest free, unsecured and repayable on demand except for approximately HK\$11,777,000 (31 December 2024: HK\$11,598,000) is repayable after twelve months of the end of the reporting period.
- b. As at 30 June 2025, the amount due to the Controlling Shareholder consisted of HK\$6,000,000 (31 December 2024: HK\$6,000,000) which is unsecured with 3% (31 December 2024: 3%) interest rate per annum and approximately HK\$34,840,000 (31 December 2024: HK\$15,035,000) are unsecured with interest-free which are repayable after twelve months of the end of the reporting period, the remaining balances are interest free, unsecured and repayable after twelve months of the end of the reporting period.

19. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	As at 30 June 2025	As at 31 December 2024	As at 30 June 2025	As at 31 December 2024
	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (unaudited)	HK\$'000 (audited)
Within one year	85,401	89,234	67,606	64,879
In the second to fifth years, inclusive	247,116	258,524	208,357	204,179
Over five years	63,846	91,423	62,778	84,293
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Future finance charges	396,363 (57,622)	439,181 (85,830)	338,741 N/A	353,351 N/A
	<hr/>	<hr/>	<hr/>	<hr/>
Present value of lease liabilities	338,741	353,351	338,741	353,351
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Amount due for settlement within 12 months (shown under current liabilities)			(67,606)	(64,879)
			<hr/>	<hr/>
Amount due for settlement after 12 months			271,135	288,472
			<hr/>	<hr/>

The lessee's increment borrowing rate as at 30 June 2025 of 5 to 6.5% (31 December 2024: 5% to 6.5%) is applied discounting the lease payments to arrive at the initial measurement amount of the lease liabilities recognized.

20. BANK BORROWINGS

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Bank borrowings	128,000	144,000

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Repayable on demand	128,000	144,000

Without the effect of the repayment on demand clause and based on the maturity terms of the bank borrowings, the bank borrowings are repayable as follows:

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Within 1 year	16,000	16,000
In the second year	16,000	16,000
In the third year to fifth year, inclusive	96,000	112,000
	128,000	144,000

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

The interest rate of the Group's bank borrowings as at 30 June 2025 and 31 December 2024 was 2% per annum over one-month HIBOR or 0.5% per annum below HK\$ prime rate, whichever is lower.

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

As at 30 June 2025, bank borrowings of HK\$128,000,000 (31 December 2024: HK\$144,000,000) are secured by (i) the investment properties of HK\$355,500,000 (31 December 2024: HK\$355,000,000), (ii) a charge over deposits for the total principal amount of not less than HK\$4,000,000 together with interest accrued thereon (31 December 2024: HK\$4,000,000), (iii) bank deposits (excluding the charged portion) of not less than HK\$7,000,000 (31 December 2024: HK\$7,000,000), and (iv) assignment of rental income from investment properties to a designated bank account which is charged to the bank, with an undertaking to maintain occupancy rate of 60% or above in investment properties (which, if fallen below 60%, shall be raised by the borrower to 60% or above within three months (31 December 2024: 60% or above)).

21. SHARE CAPITAL

	Number of shares		Amount	
	30 June 2025 '000 (unaudited)	31 December 2024 '000 (audited)	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
			2,000,000	2,000,000
Ordinary shares of HK\$0.05 each				
Authorised:				
At the beginning and end of the reporting period	<u>20,000,000</u>	<u>20,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
At the beginning of the reporting period	<u>6,352,702</u>	2,819,102	<u>317,635</u>	140,955
Issue upon the conversion of the convertible bond	<u>—</u>	<u>3,533,600</u>	<u>—</u>	<u>176,680</u>
At the end of the reporting period	<u>6,352,702</u>	<u>6,352,702</u>	<u>317,635</u>	<u>317,635</u>

During the year ended 31 December 2024, the Company issued the convertible bond in the aggregate principal amount of HK\$353,360,000 at an interest rate of 3.6% per annum for 3,533,600,000 shares. Subsequent to the issuance of the convertible bond, the subscribers converted all the convertible bonds and 3,533,600,000 shares of the Company have then been issued. The owners of all ordinary shares including the conversion shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at the meeting of the Company. All ordinary shares including the conversion shares rank equally with regard to the Company's residual assets.

22. CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 30 June 2025 (31 December 2024: Nil).

23. LEASE COMMITMENTS

The Group as lessor

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Within one year	85,401	91,408
In the second to fifth year inclusive	247,116	258,524
Over five years	63,846	91,423
	<u>396,363</u>	<u>441,355</u>

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 28 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the Reporting Period, the Group continued to engage in property investment, provision of horticultural services and sales of plants, property management and other related services and provision of construction services.

Revenue of the Group for the Reporting Period increased by approximately HK\$30,039,000 or 70.3% from approximately HK\$42,705,000 for the six months ended 30 June 2024 to approximately HK\$72,744,000 for the Reporting Period, mainly due to a significant increase in revenue from the property investment and revenue from construction service.

Property investment

Rental income derived from investment properties and subleasing properties increased by approximately HK\$28,663,000 or 95.5% from approximately HK\$30,023,000 for the six months ended 30 June 2024 to approximately HK\$58,686,000 for the Reporting Period, mainly due to the commencement of sub-leasing operations at the Silicon Valley Industrial Park leased by the Group.

Property management and other related services

The Group provides property management and other related services in the PRC and entered into service contracts with two China properties developers (i) Shenzhen Houting Yayuan Investment Co., Ltd.* (深圳市后亭雅苑投資有限公司) with the properties under management located at Shajing East to Songsha Road South to Neway Factory West to Zhongting Road East Road, Bao'an District, Shenzhen* (深圳市寶安區沙井東至松沙路南至紐威廠西至中亭路北至中亭東路); and (ii) Shenzhen Hongxing Yayuan Property Co., Ltd.* (深圳市紅星雅苑置業有限公司) with the properties under management located at juncture of Songming Avenue and Baoan Avenue, Songgang Street, Bao'an District, Shenzhen* (深圳市寶安區松崗街道松明大道與寶安大道交匯處). Revenue from property management and other related services decreased by approximately HK\$630,000 or 6.5% from approximately HK\$9,639,000 for the six months ended 30 June 2024 to approximately HK\$9,009,000 for the Reporting Period, mainly due to the decrease in the areas under management.

* for identification purposes only

Horticultural services and sales of plants

The Group also operates horticultural services and sales of plants segment under the brand name of “Cheung Kee Garden” for over forty years. Revenue from the provision of horticultural services and sales of plants slightly increased by approximately HK\$235,000 or 7.7% from HK\$3,043,000 for the six months ended 30 June 2024 to approximately HK\$3,278,000 for the Reporting Period.

Construction services

The Group provides construction services for buildings and related services in the PRC. Construction services revenue increased by HK\$1,771,000 (2024: Nil) mainly due to the new business established in the second half of 2024 and revenue recognized in the Reporting Period.

Staff costs

Staff costs increased by approximately HK\$4,314,000 or 49.4% from HK\$8,733,000 for the six months ended 30 June 2024 to HK\$13,047,000 for the Reporting Period, mainly due to full recognition of staff costs during the reporting period of leased properties under sub-lease arrangements during the reporting period as compared with 3 months for the corresponding period.

Depreciation and amortization expenses

Depreciation and amortization expenses increased by approximately HK\$22,807,000 or 127.5% from approximately HK\$17,889,000 for the six months ended 30 June 2024 to approximately HK\$40,696,000 for the Reporting Period, mainly due to the full recognition of depreciation expenses of the right-of-use assets on the sub-leasing operations of the Silicon Valley Industrial Park during the Reporting Period.

Property investment related expenses

Property investment related expenses increased by approximately HK\$359,000 (2024: Nil) mainly due to a new business established in the year of 2024 and expenses recognized in the Reporting Period.

Property related expenses

Property related expenses decreased by approximately HK\$1,292,000 or 38.6% from approximately HK\$3,345,000 for the six months ended 30 June 2024 to HK\$2,053,000 for the Reporting Period, mainly due to a decrease in management fee charged by the service provider and maintenance cost.

Construction services related expenses

Construction services related expenses increased by approximately HK\$1,792,000 (2024: Nil) mainly due to a new business established in the year of 2024 and expenses recognized in the Reporting Period.

Other operating and administrative expenses

Other operating and administrative expenses increased by approximately HK\$915,000 or 34.8% from approximately HK\$2,626,000 for the six months ended 30 June 2024 to approximately HK\$3,541,000 for the Reporting Period, mainly due to full recognition of leased properties under sub-lease arrangements during the reporting period.

Fair value gain on investment properties

During the Reporting Period, there was a gain of approximately HK\$500,000 arising from the changes in the fair value of the investment properties mainly due to mild increase in rental income.

Finance costs

Finance costs represented interests on bank borrowings and lease liabilities. Finance costs increased by approximately HK\$1,211,000 or 10% from approximately HK\$12,139,000 for the six months ended 30 June 2024 to approximately HK\$13,350,000 for the Reporting Period, mainly due to 6 months recognition of interest as compared to 3 months recognition of interest for the corresponding period under the Tenancy Agreement.

Profit for the period

As a result of the above factors, the Group has recorded a profit of approximately HK\$2,228,000 for the Reporting Period as compared to a profit of approximately HK\$3,405,000 for the six months ended 30 June 2024.

Bank borrowings

As at 30 June 2025, there were outstanding bank loans totalling HK\$128,000,000 (31 December 2024: HK\$144,000,000), and advances from the former ultimate holding company and the Controlling Shareholder of the Company totalling HK\$40,840,000 (31 December 2024: HK\$21,035,000).

Net asset value

The net asset value of the Group per share as at 30 June 2025 was HK\$0.08 (31 December 2024: HK\$0.08) based on the 6,352,702,084 (31 December 2024: 6,352,702,084) ordinary shares of the Company in issue.

PLEDGE OF ASSETS

As at 30 June 2025, investment properties and bank deposits including the interest accrued thereon with an aggregate value of approximately HK\$366,500,000 (31 December 2024: approximately HK\$366,000,000) were pledged to the bank to secure bank loans granted to the Company.

As at 30 June 2025, bank loans of HK\$128,000,000 (31 December 2024: HK\$144,000,000) are secured by (i) the investment properties of HK\$355,500,000 (31 December 2024: HK\$355,000,000), (ii) a charge over deposits for the total principal amount of not less than HK\$4,000,000 together with interest accrued thereon (31 December 2024: HK\$4,000,000), (iii) bank deposits (excluding the charged portion) of not less than HK\$7,000,000 (31 December 2024: HK\$7,000,000), and (iv) assignment of rental income from investment properties to a designated bank account which is charged to the bank, with an undertaking to maintain occupancy rate of 60% or above in investment properties (which, if fallen below 60%, shall be raised by the borrower to 60% or above within three months) (31 December 2024: 60%).

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

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2025, there were outstanding bank loans in the sum of HK\$128,000,000 (31 December 2024: HK\$144,000,000). The Group's working capital requirements are funded with bank loans, advance from its Controlling Shareholder and former ultimate holding company and cash generated from its ordinary course of business.

The gearing ratio of the Group as at 30 June 2025 was 103% (31 December 2024: 106%). Gearing ratio was calculated based on total debts divided by total equity. The amount of total debts was calculated by aggregating the bank and other borrowings, lease liabilities and amounts due to its Controlling Shareholder and former ultimate holding company.

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

INTERIM DIVIDEND

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

SIGNIFICANT INVESTMENT HELD

The Group has no significant investment held as at 30 June 2025.

MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the Reporting Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 30 June 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total 116 employees (31 December 2024: 149).

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

PROSPECT

Following the completion of the lease under the Tenancy Agreement, the Group has strengthened its project portfolio, which is expected to benefit its overall financial performance and business development in the future. On the other hand, the rent on residential properties in Hong Kong has been stabilized and has recorded a slight increase. The potential upside on the rental business depends on the interest rates cut following the potential lower interest rates on the United States.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Specific enquiry has been made to all the Directors, and the Directors have confirmed that they have complied with the required standard as set out in the Model Code during the Reporting Period.

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 C1 to the Listing Rules. The Company conducts regular reviews of its corporate governance practices to ensure compliance with the CG Code. For the Reporting Period, the Company has complied with all the Code provisions set out in the CG Code, except for the following:

Deviation from Code Provision C.2.1 of the CG Code

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of chief executive officer was performed by Mr. Huang Binghuang, who was also the chairman of the Company during the Reporting Period. The Board believes that vesting the roles of both chairman and chief executive officer in the same person facilitate 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.

EVENTS AFTER THE END OF THE PERIOD

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

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of this results announcement and the interim report. The Audit Committee considers that this results announcement for the Reporting Period is in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

Hong Kong, 28 August 2025

As at the date of this announcement, the Board consists of Mr. Huang Binghuang (Chairman and Chief Executive Officer), Ms. Xia Ping and Ms. Wang Lijiao as executive Directors; and Mr. Tso Sze Wai, Mr. Wang Rongfang and Mr. Duan Rihuang as independent non-executive Directors.