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 2026

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 2026 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 June 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
	Notes	**2026**	2025
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**78,468**	72,744
Other income and gains	*6*	**3,840**	3,822
Staff costs		**(12,004)**	(13,047)
Depreciation expenses		**(45,553)**	(40,696)
Property investment related expenses		**(852)**	(359)
Property related expenses		**(3,073)**	(2,053)
Construction services related expenses		**(4,102)**	(1,792)
Other operating and administrative expenses		**(5,328)**	(3,541)
Fair value gain on investment properties		**3,825**	500
Profit from operations		**15,221**	15,578
Finance costs	*7*	**(11,854)**	(13,350)
Profit before tax		**3,367**	2,228
Income tax expense	*8*	**(66)**	(5)
Profit for the period	*9*	**3,301**	2,223

	Notes	Six months ended 30 June 2026	2025
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Other comprehensive expense			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**229**	(990)
Other comprehensive expense for the period, net of tax		**229**	(990)
Total comprehensive income for the period		**3,530**	1,233
Profit/(loss) for the period attributable to:			
Owners of the Company		**3,505**	2,223
Non-controlling interests		**(204)**	–
		3,301	2,223
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**3,734**	1,233
Non-controlling interests		**(204)**	–
		3,530	1,233
Earnings per share	*10*		
Basic and diluted *(HK cent(s) per share)*		**0.06**	0.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Non-current assets			
Right-of-use assets	*12*	**351**	838
Investment properties	*13*	**698,490**	717,924
Deposits paid to the landlord	*14*	**258,746**	256,065
Property, plant and equipment	*15*	**45,937**	861
Goodwill		**200**	200
		1,003,724	975,888
Current assets			
Inventories		**544**	583
Trade and other receivables	*16*	**47,812**	44,871
Contract assets		**15,535**	14,922
Pledged bank deposits		**12,169**	12,959
Cash and cash equivalents		**36,398**	23,452
		112,458	96,787
Current liabilities			
Trade and other payables	*17*	**57,827**	56,484
Amounts due to related parties	*18*	**12,365**	11,891
Lease liabilities	*19*	**46,481**	74,008
Bank borrowings	*20*	**112,000**	128,000
Current tax liabilities		**31**	31
		228,704	270,414
Net current liabilities		**(116,246)**	(173,627)
Total assets less current liabilities		**887,478**	802,261

	Notes	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Non-current liabilities			
Amounts due to related parties	*18*	**80,426**	54,785
Lease liabilities	*19*	**255,068**	245,279
		335,494	300,064
NET ASSETS		**551,984**	502,197
Capital and reserves			
Share capital	*21*	**317,635**	317,635
Reserves		**188,296**	184,562
Equity attributable to owners of the Company		**505,931**	502,197
Non-controlling interests		**46,053**	–
TOTAL EQUITY		**551,984**	502,197

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 and provision of construction 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 2025. 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 2025, except for the application of amendments to HKFRS Accounting Standards.

Going concern basis

The Group had net current liabilities of approximately HK$116,246,000 as at 30 June 2026. The Group's bank borrowings with a repayment on demand clause amounted to HK$112,000,000 as at 30 June 2026 (the "**Borrowings**"). Notwithstanding these facts, the Directors have, at the time of approving the Interim Financial Statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they consider the adoption of the going concern basis of accounting in preparing the Interim Financial Statements to be appropriate.

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

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

(b) the Group has obtained a letter from the bank in January 2026, 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.

In addition to the above, the Directors have reviewed the Group's projected cash flow forecasts for at least the next twelve months from the date of approval of the Interim Financial Statements, on the basis that the Group's aforementioned plans and measures will be successful, thus the Directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as when they fall due in the twelve months from the date of approval of the Interim Financial Statements. Accordingly, the Directors believe that the Group will continue as a going concern and therefore consider it is appropriate to adopt a going concern basis in preparing its Interim Financial Statements.

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application to amendments to HKFRS Accounting Standards

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. None of these amendments have had a material effect on the Group's results and financial position for the current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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:

	Fair value measurement using:			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 30 June 2026 (unaudited)				
Investment Properties				
– Residential units				
– Hong Kong	–	–	374,825	374,825
At 31 December 2025 (audited)				
Investment Properties				
– Residential units				
– Hong Kong	–	–	371,000	371,000

(b) **Disclosures of valuation process used by the Group and valuation techniques and key inputs used in fair value measurements at 30 June 2026 and 31 December 2025:**

Level 3 fair value measurements

Description	Valuation technique	Unobservable Inputs	Effect on fair value for increase of input	Fair Value As at 30 June 2026 HK$'000 (unaudited)	Fair Value As at 31 December 2025 HK$'000 (audited)
Residential units located in Hong Kong	Income approach	Rental yield rate of 3.6% (31 December 2025: 3.7%)	Decrease	**374,825**	371,000
		Rental growth rate of 1.6% (31 December 2025: 1.7%)	Increase		
		Actual rent entered with tenants at an average of HK$51.07 (31 December 2025: HK$50.94) per month per square feet on net floor area basis	Increase		
		Occupancy rate of 89.3% (31 December 2025: 89.3%)	Increase		

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 sales of plants

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

The Group's reportable segments for financial reporting properties are the four (2025: four) 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	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Disaggregated by major products or services		
– Provision of construction services	**2,446**	1,771
– Provision of property management and other related services	**10,273**	9,009
– Provision of horticultural services and sales of plants	**3,242**	3,278
Revenue from contracts with customers	**15,961**	14,058
Rental income from the leased properties under sub-lease arrangement	**58,290**	54,784
Rental income from investment properties	**4,217**	3,902
Total revenue	**78,468**	72,744

	Timing of revenue recognition Six months ended 30 June					
	2026			2025		
	At a point in time	**Over time**	**Total**	At a point in time	Over time	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	**(unaudited)**	**(unaudited)**	(unaudited)	(unaudited)	(unaudited)
Provision of construction services	**–**	**2,446**	**2,446**	–	1,771	1,771
Provision of property management and other related services	**–**	**10,273**	**10,273**	–	9,009	9,009
Provision of horticultural services and sales of plants	**604**	**2,638**	**3,242**	395	2,883	3,278
Total	**604**	**15,357**	**15,961**	395	13,663	14,058

(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 2026

	Property investment	**Horticultural services and sale of plants**	**Property management and other related services**	**Construction services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Revenue from customers	**62,507**	**3,248**	**10,273**	**2,446**	**78,474**
Intersegment revenue	**–**	**(6)**	**–**	**–**	**(6)**
Segment revenue from external customers	**62,507**	**3,242**	**10,273**	**2,446**	**78,468**
Segment profit/(loss)	**2,024**	**848**	**5,810**	**(2,097)**	**6,585**
Other income and gains					**3,840**
Unallocated depreciation of property, plant and equipment and right-of-use assets					**(991)**
Other operating and administrative expenses					**(3,241)**
Finance costs					**(2,826)**
Profit before tax					**3,367**

For the six months ended 30 June 2025

	Property investment *HK$'000* (unaudited)	Horticultural services and sale of plants *HK$'000* (unaudited)	Property management and other related services *HK$'000* (unaudited)	Construction services *HK$'000* (unaudited)	Total *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/(loss)	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

(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 2026 *HK$'000* **(Unaudited)**	At 31 December 2025 *HK$'000* (Audited)
Segment assets		
Property investment	**986,887**	1,016,536
Construction services	**28,562**	28,047
Horticultural services and sale of plants	**2,720**	3,344
Property management and other related services	**71,041**	7,869
Total segment assets	**1,089,210**	1,055,796
Pledged bank deposits	**12,169**	12,959
Unallocated assets:		
Right-of-use assets	**351**	773
Cash and cash equivalents	**13,762**	1,055
Other assets	**690**	2,092
Consolidated total assets	**1,116,182**	1,072,675
Segment liabilities		
Property investment	**322,031**	346,354
Construction services	**28,481**	28,389
Horticultural services and sale of plants	**426**	933
Property management and other related services	**32,966**	24,705
Total segment liabilities	**383,904**	400,381
Bank borrowings	**112,000**	128,000
Amounts due to related parties	**65,862**	40,781
Current tax liabilities	**31**	31
Unallocated liabilities:		
Other liabilities	**1,930**	788
Lease liabilities	**471**	497
Consolidated total liabilities	**564,198**	570,478

(d) Other segment information

	Property investment HK$'000 (unaudited)	Horticultural services and sale of plants HK$'000 (unaudited)	Property management and other related services HK$'000 (unaudited)	Construction services HK$'000 (unaudited)	Unallocated HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
For the six months ended 30 June 2026						
Amounts included in measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment, and right-of-use assets	**2**	**98**	**3**	**19**	**991**	**1,113**
Depreciation of investment properties	**44,440**	**–**	**–**	**–**	**–**	**44,440**
Fair value gain of investment properties	**3,825**	**–**	**–**	**–**	**–**	**3,825**
Other income and gains	**183**	**116**	**288**	**1**	**3,252**	**3,840**

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

Geographical information:

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

	Revenue		**Non-current assets**	
	Six months ended 30 June		**As at 30 June**	As at 31 December
	2026	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Hong Kong	**7,466**	7,180	**676,511**	628,870
The PRC except Hong Kong	**71,002**	65,564	**327,213**	347,018
Consolidated total	**78,468**	72,744	**1,003,724**	975,888

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Provision of property investment, property management and other related services		
– Customer A	**13,781**	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	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income on bank deposits	**139**	206
Imputed interest income on rental deposit paid	**2,681**	2,681
Others	**1,020**	935
	3,840	3,822

7. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**2,727**	3,222
Interest paid in lease liabilities	**9,037**	10,038
Interest on loan from the Controlling Shareholder	**90**	90
	11,854	13,350

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current income tax – PRC Corporate Income Tax		
Provision for the period	**66**	5

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 2025. Should provision for Hong Kong Profits Tax be required, it is calculated at 16.5% (2025: 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 2025. 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 million to 3 million	5%
Over 3 million	25%

9. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories sold or consumed	**540**	407
Depreciation of property, plant and equipment and right-of-use assets	**1,113**	681
Depreciation of investment properties	**44,440**	40,015
Directors' remuneration	**1,050**	1,051
Greening costs	**13**	24
Building management, cleaning and utilities expenses	**27**	81
Maintenance costs	**439**	784
Legal and professional service fees	**349**	404

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	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the purpose of calculating basic and diluted earnings per share attributable to owners of the Company	**3,505**	2,223
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**	6,352,702

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 2025: Nil).

12. RIGHT-OF-USE ASSETS

	Land and buildings *HK$'000*
Cost:	
At 1 January 2026 (audited)	**1,956**
Derecognition	**(269)**
At 30 June 2026 (unaudited)	**1,687**
Accumulated depreciation:	
At 1 January 2026 (audited)	**1,118**
Charge for the period	**487**
Derecognition	**(269)**
At 30 June 2026 (unaudited)	**1,336**
Carrying amount	
At 30 June 2026 (unaudited)	**351**

	Land and buildings *HK$'000* (audited)
Cost:	
At 1 January 2025 and 31 December 2025	1,956
Accumulated depreciation:	
At 1 January 2025	146
Charge for the year	972
At 31 December 2025	1,118
Carrying amount	
At 31 December 2025	838

	As at 30 June 2026 HK$'000 (unaudited)	As at 31 December 2025 HK$'000 (audited)
Repayment of principal portion of lease liabilities	**39,055**	69,446
Interest paid in lease liabilities	**9,010**	19,455
Total cash outflows for leases for the period/year	**48,065**	88,901

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 2026 HK$'000	As at 31 December 2025 HK$'000
At fair value model *(note a)*	**374,825**	371,000
At cost model *(note b)*	**323,665**	346,924
	698,490	717,924

Note a:

	HK$'000
At 1 January 2025 (audited)	355,000
Fair value gain	16,000
At 31 December 2025 (audited) and 1 January 2026 (audited)	371,000
Fair value gain	3,825
At 30 June 2026 (unaudited)	374,825

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 2026 and 31 December 2025 have been arrived on the basis of a valuation carried out on respective dates by Libral 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 2026, the carrying amount of investment properties pledged as security for the Group's bank borrowings amounted to approximately HK$374,825,000 (31 December 2025: HK$371,000,000).

Note b:

	Lease properties under sub-lease arrangements *HK$'000*
Cost	
At 1 January 2026 (audited)	**488,938**
Additions	**14,286**
Exchange realignment	**7,367**
At 30 June 2026 (unaudited)	**510,591**
Accumulated depreciation:	
At 1 January 2026 (audited)	**142,014**
Charge for the period	**43,899**
Exchange realignment	**1,013**
At 30 June 2026 (unaudited)	**186,926**
Carrying amount	
At 30 June 2026 (unaudited)	**323,665**

	Lease properties under sub-lease arrangements *HK$'000* (audited)
Cost	
At 1 January 2025	450,389
Additions	28,131
Exchange realignment	10,418
At 31 December 2025	488,938
Accumulated depreciation:	
At 1 January 2025	56,484
Charge for the period	83,082
Exchange realignment	2,448
At 31 December 2025	142,014
Carrying amount	
At 31 December 2025	346,924

14. DEPOSITS PAID TO THE LANDLORD

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Deposit paid to the landlord *(note)*	**258,746**	256,065

In 2024, the Group has made a deposit of approximately HK$305,200,000 to the landlord in relation to the leased properties under sub-lease arrangements. As at 30 June 2026, the carrying amount of the deposit of approximately HK$258,746,000 (31 December 2025: HK$256,065,000) was the present value discounted at the effective interest rate of 1.99%.

The directors of the Company have assessed the financial position of the counterparty and are of the opinion that there was no significant increase in credit risk and the expected credit loss was limited to 12-months expected credit losses. Impairment allowance of approximately HK$3,357,000 was recognised under 12-months expected credit losses as at 30 June 2026 (31 December 2025: HK$3,357,000).

15. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group did not acquired any items of property, plant and equipment (six months ended 30 June 2025: HK$427,000) and the Group increased its property, plant and equipment through asset acquisitions amounting to approximately HK$46,079,000 during the Reporting Period.

16. TRADE AND OTHER RECEIVABLES

	As at 30 June 2026 *HK$'000* (unaudited)	As at 31 December 2025 *HK$'000* (audited)
Trade receivables	**40,906**	40,501
Allowance for doubtful debts	**(859)**	(859)
	40,047	39,642
Prepayments	**1,741**	2,158
Rental and other deposits	**1,099**	562
Other receivables	**4,925**	2,509
	47,812	44,871

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 2026 *HK$'000* (unaudited)	As at 31 December 2025 *HK$'000* (audited)
0 to 90 days	**38,436**	39,285
91 to 180 days	**1,358**	237
181 to 365 days	**253**	120
	40,047	39,642

17. TRADE AND OTHER PAYABLES

	As at 30 June 2026 ***HK$'000*** **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Trade payables	**4,352**	2,873
Other payables and accrued charges	**29,005**	26,087
Other tax payables	**2,509**	1,903
Contract liabilities	**21,961**	25,621
	57,827	56,484

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

	As at 30 June 2026 ***HK$'000*** **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
0 to 90 days	**4,352**	2,873
	4,352	2,873

18. AMOUNTS DUE TO RELATED PARTIES

	2026	2025
	HK$'000	*HK$'000*
Amount due to a related company *(note a)*	**26,928**	25,895
Amount due to the Controlling Shareholder *(note b)*	**65,863**	40,781
	92,791	66,676
Less: non-current portion	**(80,426)**	(54,785)
Current portion	**12,365**	11,891

Notes:

a. As at 30 June 2026, 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$14,563,000 (31 December 2025: HK$14,004,000) is repayable after twelve months of the end of the Reporting Period.

b. As at 30 June 2026, the amount due to the Controlling Shareholder represented approximately HK$65,863,000 (31 December 2025: HK$40,781,000) that is unsecured, interest-free 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 2026	As at 31 December 2025	**As at 30 June 2026**	As at 31 December 2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Within one year	**89,998**	89,494	**75,590**	74,008
In the second to fifth years, inclusive	**234,008**	240,424	**205,463**	208,525
Over five years	**20,962**	38,906	**20,496**	36,754
	344,968	368,824	**301,549**	319,287
Less: Future finance charges	**(43,419)**	(49,537)	**N/A**	N/A
Present value of lease liabilities	**301,549**	319,287	**301,549**	319,287
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(46,481)**	(74,008)
Amount due for settlement after 12 months			**255,068**	245,279

The lessee's increment borrowing rate as at 30 June 2026 of 5% to 6.5% (31 December 2025: 4% 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 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Bank borrowings	**112,000**	128,000

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 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Repayable on demand	**112,000**	128,000

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 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Within 1 year	**112,000**	16,000
In the second year	**–**	112,000
	112,000	128,000

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 2026 and 31 December 2025 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 2026, bank borrowings of HK$112,000,000 (31 December 2025: HK$128,000,000) are secured by (i) the investment properties of HK$374,825,000 (31 December 2025: HK$371,000,000), (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 2025: HK$4,000,000), (iii) bank deposits (excluding the charged portion) of not less than HK$7,000,000 (31 December 2025: 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 2025: 60% or above)).

21. SHARE CAPITAL

	Number of shares		Amount	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	'000	*'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Ordinary shares of HK$0.05 each				
Authorised:				
At the beginning and end of the Reporting Period	**20,000,000**	20,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At the beginning and end of the Reporting Period	**6,352,702**	6,352,702	**317,635**	317,635

22. CAPITAL COMMITMENTS

Save for the announcement dated 17 March 2026, the remaining outstanding commitment for the Company is to invest approximately RMB67,647,000 (equivalent to HK$77,884,980) into a subsidiary of the Group, the Group did not have any material capital commitments as at 30 June 2026 (31 December 2025: 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 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Within one year	**92,602**	111,265
In the second to fifth year inclusive	**245,155**	286,933
Over five years	**21,970**	45,986
	359,727	444,184

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 2026.

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$5,724,000 or 8% from approximately HK$72,744,000 for the six months ended 30 June 2025 to approximately HK$78,468,000 for the Reporting Period, mainly due to an 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$3,821,000 or 7% from approximately HK$58,686,000 for the six months ended 30 June 2025 to approximately HK$62,507,000 for the Reporting Period, mainly due to the 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 increased by approximately HK$1,264,000 or 14% from approximately HK$9,009,000 for the six months ended 30 June 2025 to approximately HK$10,273,000 for the Reporting Period, mainly due to the increase in the areas under management.

* for identification purposes only

On 27 January 2026, a subsidiary of the Company subscribed for the newly increased registered capital of RMB77,647,100 (approximately HK$86,274,000) in cash in Guangdong You Wei Industrial Co., Ltd. (廣東優威實業有限公司) ("**You Wei**"), representing 66% of the enlarged total share capital of You Wei. Further details of the transaction can be found on the announcements dated 27 January 2026 and 17 March 2026. The initial investment includes the construction of the two buildings for research and development purposes. It will transform the Company role into a developer and long-term asset holder.

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 decreased by approximately HK$30,000 or 1% from HK$3,278,000 for the six months ended 30 June 2025 to approximately HK$3,248,000 for the Reporting Period.

Construction services

The Group provides construction services for buildings and related services in the PRC. Revenue from construction services increased by HK$2,446,000 (2025: HK$1,771,000), mainly due to the progressive completion of construction contract in the Reporting Period.

Staff costs

Staff costs decreased by approximately HK$1,043,000 or 8% from HK$13,047,000 for the six months ended 30 June 2025 to HK$12,004,000 for the Reporting Period. The decrease mainly resulted from a lower number of staff associated with the leased properties under sub-lease arrangements during the Reporting Period.

Depreciation and amortization expenses

Depreciation and amortization expenses increased by approximately HK$4,857,000 or 12% from approximately HK$40,696,000 for the six months ended 30 June 2025 to approximately HK$45,553,000 for the Reporting Period, mainly due to the increase in 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$493,000 (2025: HK$359,000), consistent with the rise in revenue generated from property investment services for the year.

Property related expenses

Property related expenses increased by approximately HK$1,020,000 or 50% from approximately HK$2,053,000 for the six months ended 30 June 2025 to HK$3,073,000 for the Reporting Period, mainly due to an increase costs charged by the service provider and maintenance cost.

Construction services related expenses

Construction services related expenses increased by approximately HK$2,310,000 from HK$1,792,000 for the six months ended 30 June 2025 to HK$4,102,000 for the Reporting Period, with the increase in revenue derived from construction services for buildings and related services in the PRC during the Reporting Period.

Other operating and administrative expenses

Other operating and administrative expenses increased by approximately HK$1,787,000 or 50% from approximately HK$3,541,000 for the six months ended 30 June 2025 to approximately HK$5,328,000 for the Reporting Period, mainly due to an increase in renovation expenses related to 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$3,825,000 arising from the changes in the fair value of the investment properties mainly due to the increase in the fair value for investment properties.

Finance costs

Finance costs represented interests on bank borrowings and lease liabilities. Finance costs decreased by approximately HK$1,496,000 or 11% from approximately HK$13,350,000 for the six months ended 30 June 2025 to approximately HK$11,854,000 for the Reporting Period, mainly due to decrease in the weighted average effective interest rate in as a result of lower borrowing level during Reporting Period as compared with six months ended 30 June 2025.

Profit for the period

As a result of the above factors, the Group has recorded a profit of approximately HK$3,367,000 for the Reporting Period as compared to a profit of approximately HK$2,228,000 for the six months ended 30 June 2025.

Bank borrowings

As at 30 June 2026, there were outstanding bank loans totalling HK$112,000,000 (31 December 2025: HK$128,000,000), and advances from the former ultimate holding company and the Controlling Shareholder of the Company totalling HK$92,791,000 (31 December 2025: HK$66,676,000).

Net asset value

The net asset value of the Group per share as at 30 June 2026 was HK$0.09 (31 December 2025: HK$0.08) based on the 6,352,702,084 (31 December 2025: 6,352,702,084) ordinary shares of the Company in issue.

PLEDGE OF ASSETS

As at 30 June 2026, investment properties and bank deposits including the interest accrued thereon with an aggregate value of approximately HK$374,825,000 (31 December 2025: HK$371,000,000) were pledged to the bank to secure bank loans granted to the Company.

As at 30 June 2026, bank loans of HK$112,000,000 (31 December 2025: HK$128,000,000) are secured by (i) the investment properties of HK$374,825,000 (31 December 2025: HK$371,000,000), (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 2025: HK$4,000,000), (iii) bank deposits (excluding the charged portion) of not less than HK$7,000,000 (31 December 2025: 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 2025: 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 2026, there were outstanding bank loans in the sum of HK$112,000,000 (31 December 2025: HK$128,000,000). 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 2026 was 74% (31 December 2025: 97%). 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 does not currently have a foreign currency hedging policy. However, the Group will closely monitor its foreign exchange exposure and will consider hedging 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 2025: Nil).

SIGNIFICANT INVESTMENT HELD

The Group has no significant investment held as at 30 June 2026.

MATERIAL ACQUISITIONS AND DISPOSALS

On 27 January 2026, a subsidiary of the Company subscribed for the newly increased registered capital of RMB77,647,100 (approximately HK$86,274,000) in cash in You Wei, representing 66% of the enlarged total share capital of You Wei. Further details of the transaction can be found on the announcements dated 27 January 2026 and 17 March 2026.

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 2026.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group had a total 104 employees (31 December 2025: 110).

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

During the period, the Group subscribed for newly increased registered capital in You Wei. This strategic investment marks a pivotal transition from a fee-earning managing agent and lessee to an integrated property developer and long-term asset holder. By taking direct ownership, the Group can capture full development margins, secure recurring rental revenue, and realize long-term capital appreciation.

Furthermore, the Group can leverage its core property management capabilities at the new site to maximize operational efficiencies. Acquiring this high-value, unencumbered asset–valued at RMB120 million following You Wei's clean-up divestiture–substantially strengthens the Group's balance sheet, enhances its borrowing capacity, and bolsters its overall credit profile.

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. Lau Ka Fung 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 2026

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. Lau Ka Fung and Mr. Duan Rihuang as independent non-executive Directors.