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CHINA ASIA VALLEY GROUP LIMITED

中亞烯谷集團有限公司

(formerly known as China Graphene Group Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

PROFIT WARNING

This announcement is made by China Asia Valley Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review by the Board on the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (“**this Period**”), which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company, and taking into account the information currently available to the Board, it is expected that the Group will record a net loss of approximately HK\$22,348,000 for the year ended 31 December 2020, as compared to the net loss of approximately HK\$10,000 for the year ended 31 December 2019; and revenue of approximately HK\$17,216,000 for the year ended 31 December 2020, representing an increase of 28% as compared to the revenue of HK\$13,458,000 for the year ended 31 December 2019, mainly attributable to the new income arising from a growth in the property management business of the Group in the last quarter of 2020.

The Board considers that the expected increase in net loss is primarily attributable to the followings:

- (i) operating and administrative expenses decreased by 29% due to the effective cost cutting and control strategy implemented by new management in this Period;
- (ii) fair value gain on investment properties of HK\$2,000,000 was recorded for the year ended 31 December 2020, as compared to the fair value gain amount of HK\$20,800,000 recorded for the same period in 2019;

- (iii) provision for loss in investment in associates of HK\$12,211,000 was made for the Taiwan investment for this Period as it is expected that such investment will not be recoverable; and
- (iv) finance cost was HK\$4,814,000 in this Period (2019: HK\$8,104,000), representing a reduction of 40% due to the repayment of bank loan of HK\$40,000,000 in this Period.

The table below sets out the comparative financial information for the years ended 31 December 2019 and 2020 respectively, the net effect of which was primarily the reason for the expected increase in net loss:

	For the year ended	
	31 December	
	2020	2019
	HK\$'000	HK\$'000
(i) Operating and administrative expenses	(24,676)	(34,951)
(ii) Fair value gain on investment properties	2,000	20,800
(iii) Provision for loss in investment in associates	(12,211)	–
(iv) Finance cost	(4,814)	(8,104)

As the Company is still in the process of finalizing the unaudited consolidated results of the Group for the year ended 31 December 2020, the information contained in this announcement is only based on the information currently available to the Board and the preliminary review by the Board on the unaudited management accounts of the Group for the year ended 31 December 2020, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company. The actual financial results of the Group for the year ended 31 December 2020 may differ from what is disclosed in this announcement.

Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the final results of the Group for the year ended 31 December 2020, which is expected to be published in March 2021 in accordance with the requirements of the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Asia Valley Group Limited
Huang Binghuang
Chairman

Hong Kong, 2 March 2021

As at the date of this announcement, the Board consists of Mr. Huang Binghuang (Chairman and Chief Executive Officer), Mr. Zhao Juqun (Vice chairman) and Ms. Xia Ping as executive Directors; Ms. Wang Lijiao as a non-executive Director; and Mr. Lum Pak Sum and Mr. Duan Rihuang as independent non-executive Directors.