



CHINA UNITED VENTURE INVESTMENT LIMITED

新華聯合投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code 股份代號：8159

2023

FIRST QUARTERLY REPORT



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*This report, for which the directors (the “**Director(s)**”) of China United Venture Investment Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2023 (the “**Period**”) together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023

		Three months ended 31 March	
	<i>Notes</i>	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	3	49,554	82,127
Cost of sales		(39,844)	(78,290)
Gross profit		9,710	3,837
Other income		801	1,392
Other gains and losses		25	587
Share of loss of a joint venture		(1,234)	(2,812)
Finance costs		(800)	(196)
Selling and distribution expenses		(1,580)	(2,645)
Administrative expenses		(14,588)	(12,296)
Loss before taxation	5	(7,666)	(12,133)
Income tax expense	6	(27)	(1,075)
Loss for the Period		(7,693)	(13,208)
Other comprehensive income for the Period:			
Exchange differences arising from translation of foreign operations		2,115	2,246
Total comprehensive expense for the Period		(5,578)	(10,962)
(Loss)/profit for the Period attributable to:			
– Equity holders of the Company		(6,528)	(13,349)
– Non-controlling interests		(1,165)	141
		(7,693)	(13,208)
Total comprehensive (expense)/income attributable to:			
– Equity holders of the Company		(4,413)	(11,103)
– Non-controlling interests		(1,165)	141
		(5,578)	(10,962)
Loss per share			
Basic	8	HK(0.93) cents	HK(1.90) cents

Notes:

1. GENERAL AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands and continued in Bermuda with limited liability.

The shares of the Company (the “**Share(s)**”) were listed on GEM on 4 January 2002. The address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at Room 1801–1802, 18/F, Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 are presented in Hong Kong dollars (“**HK\$**”). The functional currency of the Company is United States dollars (“**USD**”). As the Company is listed in Hong Kong, the Directors consider that it is appropriate to present the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 in HK\$.

The Company acts as an investment holding company.

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 have been prepared under the historical cost convention except for investment properties, which are measured at fair value. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022 (the “**2022 Financial Statements**”).

3. REVENUE

Sales of connectively products

Revenue represents the amounts received and receivable, net of discounts and returns, from the sales of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronics products, communication products, automobile electronics accessories, wire harness and medical equipment and subcontracting service rendered during the Period under review.

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Provision of comprehensive architectural services

Where the outcome of a contract of comprehensive architectural services can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims, and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the Directors, who are the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

Segment information reported internally for the purposes of resource allocation and performance assessment is analysed based on the class of customers, the same information is also reported to the chief operating decision makers. The Group is currently engaged in (i) the sales of connectivity products to two classes of customers, namely, original equipment manufacturer customers ("**OEM customers**") and retail distributors; (ii) provision of comprehensive architectural services (master-planning and architectural design); and (iii) provision of financial services such as fund issuance, asset management, distressed asset management and insurance brokerage, etc (the "**Financial Services Business**"). The Group's operating segments under HKFRS 8 are as follows:

Information about major customers

	Three months ended 31 March			
	2023		2022	
	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)	
OEM customers	29,398	59.3	49,898	60.8
Retail distributors	20,156	40.7	30,689	37.3
Provision of comprehensive architectural services	–	–	1,540	1.9
Provision of financial services	–	–	–	–
	49,554	100.0	82,127	100.0

Geographical information

Sales analysis by geographical customer market:

	Three months ended 31 March			
	2023		2022	
	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)	
The United States of America	17,265	34.8	30,356	37.0
Japan	11,492	23.2	14,255	17.4
Korea	13,773	27.8	28,556	34.8
The People's Republic of China (the "PRC")	402	0.8	3,781	4.6
Taiwan	5,622	11.3	3,812	4.6
Others	1,000	2.1	1,367	1.6
	49,554	100.0	82,127	100.0

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	
Depreciation and amortisation on property, plant and equipment	1,348	1,344

6. INCOME TAX EXPENSE

The taxation provided represents the PRC enterprise income tax, which is calculated at the prevailing rates.

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the Group had no assessable profit in Hong Kong for the Period.

No provision for deferred taxation has been made in the unaudited condensed consolidated financial statements as there was no material timing difference arising during the Period and at the balance sheet date.

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7. DIVIDEND

The Board does not recommend the payment of a dividend for the Period (three months ended 31 March 2022: nil).

8. LOSS PER SHARE

The calculation of basic loss per Share for the Period is based on the unaudited consolidated loss attributable to the shareholders of the Company (the **"Shareholders"**) of approximately HK\$6,528,000 (three months ended 31 March 2022: approximately HK\$13,349,000) and on the weighted average number of 704,000,000 Shares (three months ended 31 March 2022: 704,000,000 Shares).

The loss per Share for the Period was HK0.93 cents (three months ended 31 March 2022: HK1.90 cents).

No dilutive loss per share has been presented because the Company did not have any outstanding potential dilutive ordinary share during both periods end 31 March 2023 and 2022 respectively.

9. RESERVES

There was no movement in reserves of the Group during the Period other than loss attributable to the Shareholders of approximately HK\$6,528,000 (three months ended 31 March 2022: approximately HK\$13,349,000) and increase in translation reserve of approximately HK\$2,115,000 (three months ended 31 March 2022: approximately HK\$2,246,000).

10. EVENT AFTER THE REPORTING PERIOD

Disclosable Transaction – Lease of Property

On 15 June 2023, Dongguan Glory Mark and Asia Link Technology Company Limited, a wholly-owned subsidiary of the Company, entered into a Lease with the Dongguan New Sunlink Electronic Co. Ltd. (as lessor) to lease the Properties for industrial use for a term of four years commencing from 16 June 2023 to 15 June 2027. The monthly rent of the property (including factories, dormitories and ancillary facilities) is RMB230,149.66, and the rent for the remaining term of the lease will increase by 5% based on the total rent.

As the value of the right to use the leased property is approximately RMB9,600,000 (or approximately HK\$10,600,000), this lease transaction is deemed to be an asset acquisition under Rule 14.04(1)(a) of the Main Board Listing Rules. Since the lease is subject to a fixed term, disclosure is required under Rule 19.08 of the GEM Listing Rules.

For details, please refer to the Company's announcements dated 15 & 16 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in electronic business and architectural design business. In the electronic business, the Group designs, manufactures and sells connectivity products mainly for computers, computer peripheral products, mobile phones peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment (the “**Electronics Business**”). In the architectural design business, the Group is engaging in master-planning work, general design work and architectural schematic design work (the “**Architectural Design Business**”).

During the three months ended 31 March 2022, for the purpose of harnessing the Group’s competitive advantage and diversifying its business into financial services industry, the Group has commenced the new finance business (the “**Finance Services Business**”). The Group intends to develop the Financial Services Business through organic growth over acquisitions with a view to provide full range of financial services, including but not limited to fund issuance, asset management, distressed asset management and insurance brokerage, etc. in Hong Kong and the PRC.

The Electronics Business

During the three months ended 31 March 2023, this business segment contributed revenue of approximately HK\$49.6 million to the Group (for the three months ended 31 March 2022 (“**PY2022**”): approximately HK\$80.6 million), representing a decrease of approximately 38.5% as compared with PY2022. This business segment continues to benefit from the recovery of the global economy, the increased distribution channels for our products and the effective strategies implemented by our Directors to increase our sales order and revenue continuously.

The Architectural Design Business

This segment has been adversely impacted for the last two years. In the year ended 31 December 2020, the outbreak of COVID-19 had caused suspension of our design projects in the PRC. On top of an observed slow recovery from COVID-19, since the second half last year 2021, this segment was further affected by the crises experienced by its downstream customers, the China real estate developers’ high debt level and liquidity issues. During the three months ended 31 March 2023, there was no design projects for the business. A quarter to quarter comparison therefore showed that revenue from this business segment decreased from approximately HK\$3.5 million in PY2022 to nil during the three months ended 31 March 2023, representing a decrease of approximately 100% from last year. The Directors are monitoring the issues closely and remain cautiously optimistic to the results of the Architectural Design Business in the future as the Directors are actively engaging in negotiation for new design business.

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The Financial Services Business

This segment generated no revenue during the three months ended 31 March 2023 as it was still at a start-up stage.

Financial Review

The Group recorded a turnover of approximately HK\$49.6 million for the three months ended 31 March 2023 (PY2022: approximately HK\$82.1 million), representing a decrease of approximately 39.6% as compared with PY2022.

Gross profit

The Group recorded a gross profit of approximately HK\$9.7 million for the three months ended 31 March 2023, representing an increase of approximately 153% as compared to approximately HK\$3.8 million in PY2022. This was mainly attributable to the stabilisation of global supply chain and reduction of raw material prices that increase our gross margin in the Electronics Business significantly.

Other income

The Group earned other income of approximately HK\$801,000 during the three months ended 31 March 2023 (PY2022: approximately HK\$1,392,000), representing a decrease of approximately 42.5%, mainly due to the one-off ancillary electronics manufacturing and testing services rendered in PY2022.

Selling and distribution expenses

The selling and distribution expenses were approximately HK\$1.6 million during the three months ended 31 March 2023 (PY2022: approximately HK\$2.6 million), decreased by 40.3%, which was mainly attributable to the control in selling and distribution expenses for the Architectural Design Business and the Finance Services Business.

Administrative expenses

The administrative expenses were approximately HK\$14.6 million during the three months ended 31 March 2023 (PY2022: approximately HK\$12,296,000), representing an increase of approximately HK\$2.3 million primarily due to an increase in rental expenses for our production facility in Mainland China.

Finance costs

The finance costs were approximately HK\$800,000 during the three months ended 31 March 2023 (PY2022: HK\$196,000). The increase was attributable to the new debts raised since the second quarter for the year ended 31 December 2022.

Income tax expenses

The Group recorded an income tax expenses of approximately HK\$27,000 for the three months ended 31 March 2023 (PY2022: income tax expenses of approximately HK\$1,075,000).

Net Loss attributable to owners of the Company

The Group reported a net loss attributable to owners of the Company for the three months ended 31 March 2023 of approximately HK\$6,528,000 (PY2022: net loss of approximately HK\$13,208,000), represented a decrease by approximately 50.6%. This was mainly attributable to the significant increase in our gross margin as explained in the preceding section.

FUTURE OUTLOOK

The first fiscal quarter of 2023 marked the historical moment of normalization after the COVID-19 pandemic and re-opening of the China's border. The Company's quarterly financial results reflected the positive outcomes from such favourable factors. This period has shown a promising outlook, with increased demand for the electronic products and services as consumer's confidence returns. The Directors are confident that the positive influence will spread to other business segments of the Group. Our commitment to innovation and customer-centricity has strengthened our competitive position, and we are well-positioned for continued success.

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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2023, the interests and short position of the Directors, the chief executive and their associates in the shares and underlying shares of the Company or its associate corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the required standards of dealings by directors of listed issuer as referred to Rules 5.46 to 5.67 of Chapter 5 of the GEM Listing Rules and Divisions 7 and 8 of Part XV of the SFO, were as follows:

Long positions in ordinary Shares of HK\$0.01 each

Name of director	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Wang Li Feng (“Mr Wang”) (Note)	Interest in a controlled corporation	355,620,000 (L)	50.51%
Mr. Wang	Beneficial owner	52,595,000 (L)	7.47%

(L) denotes long position

Note: The 355,620,000 shares are held by PT Design Group Holdings Limited (“PT Design”), which is indirectly wholly-owned by Mr. Wang.

Other than as disclosed above, none of the Directors, chief executive, nor their associates had any interests or short positions in any Shares or underlying Shares or any of its associated corporations as at 31 March 2023.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2023, the following persons, not being a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in ordinary Shares of HK\$0.01 each

Name of shareholders	Capacity	Number of issued ordinary Shares held	Percentage of issued share capital of the Company
PT Design	Beneficiary owner	355,620,000 (L)	50.51%
Mr. Pang Kuo-Shi (" Mr. Pang ") (Note)	Interest in a controlled corporation	74,403,000 (L)	10.57%
Modern Wealth Assets Limited (Note)	Beneficiary owner	74,403,000 (L)	10.57%

(L) denotes long position

Note: Mr. Pang is deemed to be interested in the 74,403,000 shares held by Modern Wealth Assets Limited, a company wholly-owned by Mr. Pang.

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ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUFFICIENCY OF PUBLIC FLOAT

The Company had maintained a sufficient public float throughout the Period.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed under the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares” above, no person in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO was disclosed as having a notifiable interest or short positions in the issued share capital of the Company as at 31 March 2023.

COMPLIANCE WITH GEM LISTING RULES 5.48 TO 5.67

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Directors, upon specific enquiry being made, confirm that during the Period, they had complied with the required standards of dealings and the Company’s code of conduct regarding directors’ securities transactions.

INTERESTS IN COMPETING BUSINESS

During the Period, the following Director had interests in the following business which were considered to compete or likely to compete, either directly or indirectly, with the business of the Group (other than those business where the Directors were appointed as directors to represent the interests of the Company and/or the Group):

Name of Director	Name of entity which were considered to compete or likely to compete with the business of the Group	Description of competing Business	Nature of interests
Mr. Wang	Australia PT Design Consultants Limited (“PT Consultants”)	Provision of architectural design service (other than technical and documentation work)	Directly holding 27.6% interest in PT Consultants and a director
	PT Architectural Design (Shenzhen) Company Limited (“PT Shenzhen”)	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 27.6% interest in PT Shenzhen through PT Consultants and a director
	Shanghai PT Architecture Design & Consultant Co., Ltd (“Shanghai PT”)	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director

As (i) the above Director is fully aware of his fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; (ii) the architectural design service will be first undertaken by the Group as general design contractor, unless otherwise requested by independent developers; (iii) unless otherwise requested by independent developers, all master-planning work shall be first subcontracted to the Group; (iv) the Group has the first right of refusal on accepting the architectural schematic design work unless it is specifically requested by the independent developers that such work shall be performed by PT Consultants or PT Shenzhen; and (v) Mr. Wang has not involved in the day-to-day management and operation of Shanghai PT, the Group is capable of carrying its business independently of and at arm’s length from the businesses of these entities.

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Save as disclosed above, during the Period, none of the Directors or the controlling Shareholders or their respective close associates had an interest in a business, which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the Period.

CORPORATE GOVERNANCE

The Company complied throughout the Period with the code provisions in the Code on Corporate Governance Practices contained in Appendix C1 (previously Appendix 15) to the GEM Listing Rules.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed they complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Period.

The Company has received, from each of the independent non-executive Directors, a confirmation on his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three members, namely Dr. Yan Ka Shing, Mr. Zhang De An and Ms. Lo Choi Ha who are all independent non-executive Directors with Dr. Yan Ka Shing acting as the chairman. The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting and internal control procedures of the Company. The financial results for the three months ended 31 March 2023 presented herein have not been audited but have been reviewed by the Audit Committee.

On behalf of the Board

Wang Li Feng

Chairman & Executive Director

Hong Kong, 31 March 2024

As at the date of this report, the executive Directors are Mr. Wang Li Feng (Chairman) and Mr. Fan Xiaoling; the non-executive Director is Mr. Ni Xian; and the independent non-executive Directors are Dr. Yan Ka Shing, Mr. Sui Fuxiang, Mr. Zhang De An and Ms. Lo Choi Ha.