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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)

**EXTENSION OF LONG STOP DATE
AND
DELAY IN DESPATCH OF CIRCULAR
IN RELATION TO**

**(1) VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION
IN RELATION TO THE TENANCY AGREEMENT;
AND**

**(2) PROPOSED ISSUE OF CONVERTIBLE BOND UNDER
SPECIFIC MANDATE**

Financial Adviser



INTRODUCTION

Reference is made to the announcement of the Company dated 6 June 2023 (the “**Announcement**”) in relation to, amongst others, (i) the Tenancy Agreement and the transactions contemplated thereunder; and (ii) the Subscription Agreement and the subscription and issue of the Convertible Bond contemplated thereunder. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

On 21 July 2023 (after trading hours), the Company entered into a deed of amendment to the Subscription Agreement (the “**Deed of Amendment**”) with the Subscribers and China Asia Group Inc. (the “**New Subscriber**”), pursuant to which the parties agreed that (i) the New Subscriber shall replace Mr. Huang as a subscriber of the Convertible Bond in the principal amount of HK\$233,450,000 in accordance with the terms and conditions of the Subscription Agreement; and (ii) the Long Stop Date shall be extended to 30 September 2023 (or such later date as may be agreed by the Subscribers and the Company in writing).

Details of the Deed of Amendment are set out below.

DEED OF AMENDMENT

Date

21 July 2023 (after trading hours)

Parties

Issuer	:	The Company
New Subscriber	:	China Asia Group Inc.
Original Subscribers	:	(i) Mr. Huang; (ii) Zhongjun Holding Group Company Limited (中軍控股集團有限公司) (being an Independent Subscriber); and (iii) Xuhong International Corporation (旭宏國際有限公司) (being an Independent Subscriber).

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Independent

Subscribers and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Replacement of subscriber

Pursuant to the Deed of Amendment, it was agreed that the New Subscriber shall replace Mr. Huang as subscriber of the Convertible Bond in the principal amount of HK\$233,450,000 in accordance with the terms and conditions of the Subscription Agreement.

The New Subscriber has undertaken to observe, assume and perform and be bound by all of the terms and conditions of the Subscription Agreement in respect of Mr. Huang, as if the New Subscriber was a party to the Subscription Agreement, with effect from the date of the Deed of Amendment (the “**Effective Date**”).

With effect on and from the Effective Date, Mr. Huang shall be released and discharged from all claims, actions, demands, proceedings and liability which arise on or after the Effective Date relating to any and all of his covenants and obligations under the Subscription Agreement. For the avoidance of doubt, Mr. Huang shall remain liable for any claims, demands, proceedings and liabilities which arise prior to the Effective Date relating to his covenants and obligations under the Subscription Agreement.

Extension of Long Stop Date

Pursuant to the Subscription Agreement, if the conditions are not satisfied or waived (if applicable) on or before 31 August 2023 (i.e. the Long Stop Date) (or such other date as may be agreed by the Subscribers and the Company in writing), the Subscription Agreement shall lapse and become null and void with immediate effect, save for any antecedent breaches.

As additional time is required for the fulfillment of the conditions, the parties entered into the Deed of Amendment on 21 July 2023 to extend the Long Stop Date for fulfillment of the conditions to 30 September 2023.

Save as disclosed above, all other terms and conditions of the Subscription Agreement remain unchanged and continue in full force and effect.

The Directors consider that the Deed of Amendment is negotiated on an arm’s length basis and on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Information on the New Subscriber

The New Subscriber is a company incorporated under the laws of the British Virgin

Islands and is wholly-owned by Mr. Huang. It is principally engaged in investment holding. As at the date of this announcement, the New Subscriber holds 2,112,395,735 Shares, representing approximately 74.93% of the issued share capital of the Company. The New Subscriber is a controlling shareholder and hence a connected person of the Company under Chapter 14A of the Listing Rules.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Following the entering into of the Deed of Amendment, the following table illustrates (i) the shareholding structure of the Company as at the date of this announcement; and (ii) the shareholding structure immediately after full conversion of the Convertible Bond into Conversion Shares at the initial Conversion Price without adjustment.

	As at the date of this announcement		Immediately after full conversion of the Convertible Bond into Conversion Shares at the initial Conversion Price without adjustment (Note 3)	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged issued share capital of the Company
China Asia Group Inc. (Notes 1 and 2)	2,112,395,735	74.93%	4,446,895,735	70.00%
Public shareholders				
Subscriber 1 (Note 2)	-	-	951,500,000	14.98%
Subscriber 2 (Note 2)	-	-	247,600,000	3.90%
Other public shareholders	706,706,349	25.07%	706,706,349	11.12%
Total	2,819,102,084	100%	6,352,702,084	100%

Notes:

1. China Asia Group Inc. is wholly-owned by Mr. Huang and hence Mr. Huang is deemed to be interested in the Shares held by China Asia Group Inc..
2. Pursuant to the terms and conditions of the Convertible Bond, the Bondholders shall only exercise conversion rights attaching to the Convertible Bond if immediately following the exercise of conversion rights by the Bondholder(s), amongst others, the Company will be able to satisfy the public float requirement under Rule 8.08 of the Listing Rules.
3. Assuming there is no other change in the total number of Shares from the date of this announcement up to the issue of the Conversion Shares.

DELAY IN DESPATCH OF CIRCULAR

As disclosed in the Announcement, it was expected that a circular (the “**Circular**”) containing, among others, (i) further details of the Tenancy Agreement and the Subscription Agreement, including the issue of the Convertible Bond and the Conversion Shares under the Specific Mandate; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Tenancy Agreement and the Subscription Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Tenancy Agreement and the Subscription Agreement; (iv) a notice of the EGM; and (v) other information in relation to the Company as required under the Listing Rules, would be despatched to the Shareholders on or before 31 July 2023.

As additional time is required to finalize certain information for inclusion in the Circular, the despatch date of the Circular is expected to be further postponed to a date on or before 31 August 2023.

The Tenancy Completion and Subscription Completion are subject to the fulfillment or waiver of their respective conditions precedent as set out in the Announcement. As the transactions under the Tenancy Agreement and the Subscription Agreement (as amended and supplemented by the Deed of Amendment) may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

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

Hong Kong, 21 July 2023

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.