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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 DATES

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 (i) the announcement of the Company dated 6 June 2023 in relation to, amongst others, (1) the Tenancy Agreement and the transactions contemplated thereunder; and (2) the Subscription Agreement and the subscription and issue of the Convertible Bond contemplated thereunder; (ii) the announcement of the Company dated 21 July 2023 in relation to the Deed of Amendment, the extension of Long Stop Date and the delay in despatch of circular; and (iii) the announcement of the Company dated 29 August 2023 in relation to the 2nd Deed of Amendment, the further extension of the Long Stop Date and the further delay in despatch of circular (collectively the “**Announcements**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

SUPPLEMENTAL TENANCY AGREEMENT

On 12 October 2023 (after trading hours), the PRC Subsidiary and China Asia Electronic entered into a supplemental tenancy agreement to the Tenancy Agreement (the “**Supplemental Tenancy Agreement**”), pursuant to which the parties agreed to (i) the addition of a condition precedent to the Tenancy Completion that China Asia Electronic having assigned all its existing tenancy agreements entered into with tenants to the PRC Subsidiary; and (ii) the extension of the long stop date under the Tenancy Agreement (the “**Tenancy Long Stop Date**”) to 29 February 2024 (or such later date as may be agreed by the PRC Subsidiary and China Asia Electronic in writing).

Date

12 October 2023 (after trading hours)

Parties

- (1) China Asia Electronic (as landlord); and
- (2) the PRC Subsidiary (as tenant).

Conditions Precedent

Pursuant to the Supplemental Tenancy Agreement, it was agreed that in addition to conditions precedent (a) to (d), the Tenancy Completion shall be conditional upon the fulfilment of an additional condition precedent as set out below:

- (e) China Asia Electronic having assigned all its existing tenancy agreements entered into with tenants to the PRC Subsidiary.

Accordingly, except that conditions (d) **and (e)** above may be waived by the PRC Subsidiary at its discretion at any time by notice in writing to China Asia Electronic, all other conditions are not capable of being waived by the PRC Subsidiary.

Extension of the Tenancy Long Stop Date

As additional time is required for the fulfillment of the conditions precedent, the parties entered into the Supplemental Tenancy Agreement to extend the Tenancy Long Stop Date to 29 February 2024 (or such later date as may be agreed by the PRC Subsidiary and China Asia Electronic in writing).

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

The Directors consider that the Supplemental Tenancy Agreement 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.

3rd DEED OF AMENDMENT

On 12 October 2023 (after trading hours), the Company entered into a third deed of amendment to the Subscription Agreement (the "**3rd Deed of Amendment**") with the Subscribers and Mr. Xiong Guoqiang (熊國強) ("**New Subscriber 2**"), pursuant to which the parties agreed that (i) New Subscriber 2 shall replace Subscriber 2 (i.e. Xuhong International Corporation (旭宏國際有限公司)) as a subscriber of the Convertible Bond in the principal amount of HK\$24,760,000 in accordance with the terms and conditions of the Subscription Agreement (as amended and supplemented by the Deed of Amendment and 2nd Deed of Amendment); and (ii) the Long Stop Date (redefined as the "**Subscription Long Stop Date**") shall be extended to 29 February 2024 (or such later date as may be agreed by the Subscribers and the Company in writing).

Details of the 3rd Deed of Amendment are set out below.

Date

12 October 2023 (after trading hours)

Parties

Issuer : The Company

- New Subscriber : Mr. Xiong Guoqiang (熊國強)
- Original Subscribers : (i) China Asia Group Inc.;
- (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, New Subscriber 2, 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 3rd Deed of Amendment, it was agreed that New Subscriber 2 shall replace Subscriber 2 as a subscriber of the Convertible Bond in the principal amount of HK\$24,760,000 in accordance with the terms and conditions of the Subscription Agreement (as amended and supplemented by the Deed of Amendment and 2nd Deed of Amendment).

New Subscriber 2 has undertaken to observe, assume and perform and be bound by all of the terms and conditions of the Subscription Agreement (as amended and supplemented by the Deed of Amendment and 2nd Deed of Amendment) in respect of Subscriber 2, as if New Subscriber 2 was a party to the Subscription Agreement (as amended and supplemented by the Deed of Amendment and 2nd Deed of Amendment), with effect from the date of the 3rd Deed of Amendment (the “**Effective Date**”).

With effect on and from the Effective Date, Subscriber 2 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 (as amended and supplemented by the Deed of Amendment and 2nd Deed of Amendment). For the avoidance of doubt, Subscriber 2 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 (as amended and supplemented by the Deed of Amendment and 2nd Deed of Amendment).

Extension of the Subscription Long Stop Date

As additional time is required for the fulfillment of the conditions precedent, the parties entered into the 3rd Deed of Amendment to extend the Subscription Long Stop Date to 29 February 2024 (or such later date as may be agreed by the Subscribers and the Company in writing).

Save as disclosed above, all other terms and conditions of the Subscription Agreement (as amended and supplemented by the Deed of Amendment and 2nd Deed of Amendment) remain unchanged and continue to be in full force and effect.

The Directors consider that the 3rd 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 New Subscriber 2

New Subscriber 2 is the beneficial owner and the sole owner of Subscriber 2, a company incorporated in the British Virgin Islands with limited liability and is an investment company principally engaged in investments in Sino-Hong Kong enterprises, financial services, asset management, risk and industrial investments, and other physical and financial products.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Following the entering into of the 3rd 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%
Subscriber 1 (Note 2)	-	-	951,500,000	14.98%
New 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.

The Tenancy Completion and Subscription Completion are subject to the fulfillment or waiver of their respective conditions precedent as set out in the Announcements. As the transactions under the Tenancy Agreement (as amended and supplemented by the Supplemental Tenancy Agreement) and the Subscription Agreement (as amended and supplemented by the Deed of Amendment, 2nd Deed of Amendment and 3rd 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, 12 October 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.