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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)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE DISPOSAL COMPANY

The Board is pleased to announce that, on 12 January 2022 (after trading hours of the Stock Exchange), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser (an independent third party) entered into the Sale and Purchase Agreement, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Share at a consideration of HK\$10,000.00.

As all the applicable percentage ratios in respect of the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules, and this announcement is made by the Company on a voluntary basis.

INTRODUCTION

References are made to the annual report of the Company for the years ended 31 December 2018, 2019 and 2020, respectively, in relation to the qualified opinion of the auditor of the Company, Zhonghui Anda CPA Limited (the “**Auditor**”), where the Auditor expressed, among others, that there were insufficient accounting documents relating to the business and financial operations of, inter alia, the

Company's associate in Taiwan, namely Five Color Stone (“**Qualified Opinion**”).

THE DISPOSAL

The Board hereby announce on a voluntary basis that on 12 January 2022 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Sale Share, representing the entire issued shares of the Disposal Company, at a total consideration of HK\$10,000.00. Completion took place immediately following the execution of the Sale and Purchase Agreement.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things: (i) the outlook, the current financial situation and prospects of the Disposal Group and other factors as stated in the section headed “Reasons for and benefits of the Disposal” in this announcement; and (ii) the valuation report on the Valuation of Five Color Stone. In view of the foregoing, the Directors consider that the Consideration is fair and reasonable and are on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

The Directors consider that there will be no material adverse impact to the financial position and business operations of the Group as a whole as a result of the Disposal.

Immediately after the Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is an investment holding company incorporated in BVI with limited liability on 23 December 2016. As shown in the 2017 Annual Report of the Company, the Disposal Company held 28% of the issued shares in the Five Color Stone, an investment holding company, which in turn held the entire equity interest in the Taiwan Xigu, an investment holding company, and 80% equity interest in Taiwan Mutron, a company principally engages in manufacturing and sale of graphene and graphene-related products, respectively. The net liabilities of the Disposal Company as at 31 December 2021 amounted to approximately HK\$22,000 based on its unaudited financial statements.

INFORMATION OF THE PARTIES

The principal activity of the Company is investment holding. The Group is principally engaged in (i) property investment; (ii) the provision of horticultural services and sales of plants; and (iii) property

time to time

“BVI”	British Virgin Islands
“Company”	China Asia Valley Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 63)
“Completion”	completion of the Disposal pursuant to the Sale and Purchase Agreement
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration of HK\$10,000.00 payable under the Disposal pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Company”	Sky Heritage Holdings Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company, Five Color Stone and Disposal Taiwan Subsidiaries
“Disposal Taiwan Subsidiaries”	collectively, Taiwan Xigu and Taiwan Mutron
“Five Color Stone”	Five Color Stone Technology Corporation, a corporation incorporated in the Cayman Islands and an associate of the Disposal

Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Vendor and the Purchaser, which are parties to the Sales and Purchase Agreement
“Purchaser”	Yao Shi Li Capital HongKong Co., Limited, a private limited liability company incorporated in Hong Kong
“Sales and Purchase Agreement”	the sale and purchase agreement dated 12 January 2022 entered into between the Purchaser and Vendor in relation to the Disposal
“Sale Share”	1 ordinary share of Disposal Company, representing the entire issued and paid-up share capital of Disposal Company
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Mutron”	Taiwan Mutron Applied Materials Limited (台灣美創應材股份有限公司), a company incorporated in Taiwan and of which Five Color Stone holds 80% equity interest

“Taiwan Xigu”	Taiwan Xigu Applied Materials Limited* (台灣烯谷應材股份有限公司), a company incorporated in Taiwan and a direct wholly-owned subsidiary of Five Color Stone
“Valuation”	the value of Five Color Stone shown in the valuation report, being HK\$30,500.00, such valuation prepared by adopting the cost approach and based on relevant bases and assumptions as considered suitable by the professional valuer
“Vendor”	China Graphene Holdings Limited, a company incorporated in BVI and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 12 January 2022

As at the date of this announcement, the Board consists of Mr. Huang Binghuang (Chairman and Chief Executive Officer) and Ms. Xia Ping as executive Directors; Ms. Wang Lijiao as a nonexecutive Director; and Mr. Tso Sze Wai, Mr. Wang Rongfang and Mr. Duan Rihuang as independent non-executive Directors.

** For identification purposes only*