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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO CAPITAL INCREASE IN YOU WEI**

#### **THE CAPITAL INCREASE**

On 27 January 2026, China Asia Zhi Gu (a subsidiary of the Company, as the investor), Mr. Liu, You Wei and Zhongshan Hui Hai entered into the Capital Increase Agreement, pursuant to which, China Asia Zhi Gu would subscribe for the You Wei's newly increased registered capital of RMB77,647,100 (approximately HK\$86,274,000) in cash, representing 66% of the enlarged total share capital of You Wei after the Capital Increase. Upon completion of the Capital Increase, the Company will indirectly hold 66% of the You Wei through China Asia Zhi Gu.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Capital Increase exceed 5% but are all below 25%, the Capital Increase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements thereunder.

**As the completion of the Capital Increase is subject to the fulfilment of the conditions precedent stated in the Capital Increase Agreement, accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## THE CAPITAL INCREASE

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## THE CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are set out as below:

<b>Date</b>	27 January 2026
<b>Parties</b>	<p>The investor: China Asia Zhi Gu</p> <p>The existing shareholders of You Wei: Mr. Liu and Zhongshan Hui Hai</p> <p>(collectively as the “<b>Other Parties</b>”)</p> <p>To the best of the Directors’ knowledge, information and belief, and after having made all reasonable enquiries, the Other Parties to the Capital Increase Agreement and their ultimate beneficial owners are third parties independent of the Company and its connected persons (with the meaning given by the Listing Rules).</p>
<b>The Capital Increase</b>	Pursuant to the Capital Increase Agreement, China Asia Zhi Gu would subscribe for You Wei’s newly increased registered capital of RMB77,647,100 (approximately HK\$86,274,000) in cash, representing 66% of the enlarged total share capital of the You Wei after the Capital Increase.
<b>Consideration and Payment Arrangement</b>	The total amount of the Capital Increase is RMB77,647,100 (approximately HK\$86,274,000) (the “ <b>Capital Increase Price</b> ”) and will be paid in cash through its own funds by the Company and its subsidiaries and/or loan from controlling shareholders and/or new banking facilities. According to the Company Law in PRC, the Company is required to pay up the Capital Increase Price within 5 years of registration of the Capital Increase.

The Company has completed a legal diligence and received a satisfactory report on You Wei. The Capital Increase Price was arrived at after arm's length negotiations, and was determined with reference to the following factors: (i) the unaudited total assets as at 31 December 2025 of the You Wei with reference to the current market value of the Land (as defined below) at an indicative valuation of RMB120 million (equivalent to approximately HKD133 million) dated 31 December 2025 performed by an independent valuer in Hong Kong; and (ii) the factors as set out in the section headed "Reasons for and benefits of the Capital Increase" below.

**Conditions Precedent** The obligation of China Asia Zhi Gu to pay the Capital Increase Price is subject to the fulfillment of, is necessary, internal or external approval, disclosure, filing, and approval procedures, including approval from the board of directors, shareholders' meeting, stock exchange approval, regulatory approval filing exemption or no-objection letter, and completion of all announcements or other information disclosure procedures.

**Guarantee** Mr. Liu and Zhongshan Hui Hai guarantee that, prior to the completion of the Capital Injection, You Wei will complete the divestiture of all non-core assets, liabilities, and businesses of You Wei except a piece of industrial land at No. 27, Cuilan Road, Cuiheng New District, Zhongshan City, Guangdong PRC (the "**Land**").

## **VALUATION OF THE LAND**

The Company has engaged an valuer (the "**Valuer**") for the valuation of the Land as at 31 December 2025. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Valuer is independent of the Company and the connected persons of the Company and You Wei and the shareholders of You Wei. Details of the valuation are set out below:

## Key Assumptions

The fair value of the Land as at the date of valuation means the estimated amount for which an asset or liability should exchange on that date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. It is also assumed that the units upon the Land are able to be sold and purchased in the market without any legal impediment.

## Valuation Approach

The Valuer has adopted market approach (or direct comparison approach). The Valuer has established a pool of comparable transactions with similar transactions with similar characteristics as that of the Land and found a reliable reference of the market price of the Land.

## Valuation Amount

The Valuer is of the opinion that the market value of the Land as of the valuation date was reasonably indicated in the amount of RMB120 million (approximately HK\$133 million).

## Shareholding Structure

The shareholding structure of the You Wei following the completion of the Capital Increase Agreement is as follows:

Shareholder Name	Shareholding Percentage
Mr. Liu	27.20%
Zhongshan Hui Hai	6.80%
China Asia Zhi Gu	66.00%
<b>Total</b>	<b>100.00%</b>

## **REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE**

One of the business of the Group is to act as a lessee and managing agent in the PRC.

Owning a piece of land will transform the Company role into a developer and long-term asset holder. This can move from earning management and leasing fees to capturing development profits, rental income, and long-term capital appreciation. A high-value tangible assets will also improve the credit profile and borrowing capacity of the Company and also the long-term rental income stream from the owned assets alongside the fee-based business. Since the Company has existing management expertise, the Company can leverage this knowledge into this new asset.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in respect of the Capital Increase exceed 5% but are all below 25%, the Capital Increase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements thereunder.

## **GENERAL INFORMATION**

### **The Company**

The Company and its subsidiaries is a group engaged in property investment, provision of horticultural services and sales of plants, and property management and other services related.

### **China Asia Zhi Gu**

China Asia Zhi Gu (Zhongshan) Investment Development Company Limited (中亞智谷(中山)投資發展有限公司), a company established under the laws of the PRC and is a wholly-owned subsidiary of the Company as at the date of this announcement. China Asia Zhi Gu focuses on the investment in the PRC.

## Other Parties to the Capital Increases

### Mr. Liu

Mr. Liu Hong Sheng (劉洪生) is a citizen of the PRC and an investor in the You Wei and hold 80% of You Wei prior to the Capital Increase.

### Zhongshan Hui Hai

Zhongshan Hui Hai Industrial Investment Company Limited (中山滙海實業投資有限公司) is a limited liability company established under the laws of the PRC, and its main businesses include investment management and industrial investment. Mr. Liu held 98.8% of Zhongshan Hui Hai prior to the Capital Increase. As at the date of this announcement, Zhongshan Hui Hai hold 20% of the You Wei prior to the Capital Increase.

### You Wei

Guangdong You Wei Industrial Company Limited (廣東優威實業有限公司) is a limited liability company established under the laws of the PRC, and its main businesses include investment and business development.

The proforma net profits (before tax and after tax) of the You Wei for the two financial years immediately preceding the Capital Increase (prepared in accordance with the China Accounting Standards and based on the Condition Precedent and Guarantee for the completion of the Capital Increase Agreement) are as follows:

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>approximately</b>	<b>approximately</b>
	<b>RMB million</b>	<b>RMB million</b>
Net profit before tax	—	—
Net profit after tax	—	—

Based on the Condition Precedent and Guarantee for the completion of the Capital Increase Agreement, the unaudited proforma total assets and net assets value of the You Wei as at 31 December 2025 were RMB120 million (approximately HK\$133 million) and RMB120 million (approximately HK\$133 million), respectively by reference to the updated valuation of the Land by the Valuer in Hong Kong.

**As the completion of the Capital Increase is subject to the fulfilment of the conditions precedent stated in the Capital Increase Agreement, accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of directors of the Company
“Business Day(s)”	any day other than Saturday, Sunday and other days on which banks are required or authorized by laws to suspend operations in the PRC
“Capital Increase”	subscription of the You Wei’s newly increased registered capital of RMB77,647,100 (HK\$86,274,000) by China Asia Zhi Gu pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into on 27 January 2026, between China Asia Zhi Gu, Zhongshan Hui Hai, Mr. Liu and You Wei in relation to the Capital Increase
“China Asia Zhi Gu”	(中亞智谷(中山)投資發展有限公司), a wholly owned subsidiary of the Company
“Company”	China Asia Valley Group Limited, a company incorporated in Bermuda with limited liability and whose shares are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code 63)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China and, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region

“RMB”	Renminbi, the lawful currency of the PRC
“You Wei”	Guangdong You Wei Industrial Co., Ltd.* (廣東優威實業有限公司), a limited liability company established under the laws of the PRC
“%”	per cent

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

Hong Kong, 27 January 2026

*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.*