
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Asia Valley Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(1) RE-ELECTION OF RETIRING DIRECTORS;
(2) PROPOSED GRANTING OF GENERAL MANDATES TO ISSUE NEW
SHARES AND TO REPURCHASE SHARES;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of China Asia Valley Group Limited (the “Company”) to be held at Flat A5, Zhong Ya Gui Gu Hai An, Shajing, Bao’an District, Shenzhen, the People’s Republic of China on 23 June 2021 at 3:00 p.m. (the “AGM”) is set out on pages 15 to 18 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (1) Compulsory temperature screening/checks
- (2) Submission of Health Declaration Form
- (3) Wearing of surgical face mask
- (4) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy and to return their proxy forms by the time specified above, instead of attending the AGM in person.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Flat A5, Zhong Ya Gui Gu Hai An, Shajing, Bao’an District, Shenzhen, the People’s Republic of China on 23 June 2021 at 3:00 p.m. to consider and, if appropriate, to approve the resolutions as set out in the notice of AGM;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company currently in force with any amendments thereto from time to time;
“Company”	China Asia Valley Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	17 May 2021, being the latest practicable date prior to the printing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.05 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;

DEFINITIONS

“Share Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and otherwise deal with additional Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution contained in item 4 of the notice of the AGM as set out on pages 15 to 17 of this circular;
“Share Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to repurchase Shares on the Stock Exchange or any other stock exchange of which the Shares may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange of not exceeding 10% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the AGM as set out on page 17 of this circular;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs as amended from time to time.

LETTER FROM THE BOARD



CHINA ASIA VALLEY GROUP LIMITED

中亞烯谷集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

Executive directors:

Mr. Huang Binghuang (*Chairman and
Chief Executive Officer*)

Ms. Xia Ping

Non-executive director:

Ms. Wang Lijiao

Independent non-executive directors:

Mr. Lum Pak Sum

Mr. Duan Rihuang

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of
business in Hong Kong:*

Rooms 1237-1240
12/F., Sun Hung Kai Centre
30 Harbour Road, Wanchai
Hong Kong

17 May 2021

To the Shareholders

Dear Sir or Madam,

**(1) RE-ELECTION OF RETIRING DIRECTORS;
(2) PROPOSED GRANTING OF GENERAL MANDATES TO ISSUE NEW
SHARES AND TO REPURCHASE SHARES;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

At the AGM, certain resolutions will be proposed to inter alia, approve (i) the re-election of the retiring Directors; (ii) the granting of the Share Issue Mandate and the Share Repurchase Mandate respectively.

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Company's Bye-law 87(1), Mr. Huang Binghuang and Ms. Xia Ping will retire from office by rotation, and being eligible, offer themselves for re-election as Director at the forthcoming AGM. Mr. Lum Pak Sum and Ms. Wang Lijiao will voluntarily retire, and being eligible, will offer themselves for re-election as Directors at the AGM.

LETTER FROM THE BOARD

According to Bye-law 86(2), any Directors appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting. Therefore, Mr. Duan Rihuang will be subject to re-election at the AGM.

The nomination committee of the Company and the Board had assessed and reviewed the annual written confirmation of independence of Mr. Lum Pak Sum and Mr. Duan Rihuang and considered that they satisfied all the independence criteria as set out in Rule 3.13 of the Listing Rules.

The nomination committee and the Board are of the view that the proposed re-election of Mr. Lum Pak Sum and Mr. Duan Rihuang are beneficial to the Board as the Company would be able to enjoy their comprehensive business experience that contributes to the expertise, continuity and stability of the Board. The Company has benefited from their contribution and valuable insights. The nomination committee believes that each of Mr. Duan and Mr. Lum will continue to contribute effectively to the Board and thus recommended re-election of the aforesaid retiring Directors to the Board.

Particulars of the aforesaid Directors standing for re-election are set out in Appendix I to this circular.

3. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE NEW SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general mandate to allot, issue and otherwise deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed resolution to approve this Share Issue Mandate.

The Share Issue Mandate will, if granted, remain effective until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by passing of an ordinary resolution of the Shareholders in general meeting.

In addition, if the Share Issue Mandate and Share Repurchase Mandate are granted, a separate ordinary resolution will be proposed at the AGM to increase the number of Shares which may be allotted and issued under the Share Issue Mandate by the number of Shares repurchased under the Share Repurchase Mandate (up to a maximum of 10% of the total number of issued Shares of the Company as at the date of the grant of the Share Issue Mandate).

As at the Latest Practicable Date, there were 2,819,102,084 Shares in issue. Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the date of the AGM, the Company would be authorised under the Share Issue Mandate to issue up to a maximum of 563,820,416 Shares.

LETTER FROM THE BOARD

4. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will also be proposed to grant to the Directors a general mandate to repurchase Shares up to 10% of the total number of issued Shares of the Company as at the date of passing of the proposed resolution to approve this Share Repurchase Mandate (i.e. a total of 281,910,208 Shares on the basis that no further Shares are issued or repurchased prior to the date of the AGM).

The Share Repurchase Mandate will, if granted, remain effective until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by passing of an ordinary resolution of the Shareholders in general meeting.

An explanatory statement in relation to the Share Repurchase Mandate is set out in Appendix II to this circular.

5. LISTING RULES REQUIREMENT

According to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, the chairman of the AGM will therefore demand a poll for every resolution put to the vote at the AGM pursuant to Bye-law 66.

6. ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 15 to 18 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. In order to be valid, the form of proxy must be completed, signed and returned to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time appointed for holding the AGM or adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting at the AGM or adjourned meeting (as the case may be) should you so wish.

Complimentary shuttle bus service to and from the AGM venue will be provided on 23 June 2021 to the Shareholders. The front of the shuttle bus will have a label China Asia Valley Group Limited HKEX Stock Code: 0063. The shuttle bus will be departing from Shenzhen Bay Port Area C – ground parking lot at 1:30 p.m. for the AGM venue.

LETTER FROM THE BOARD

7. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

8. RECOMMENDATION

The Directors consider that the re-election of retiring Directors, the granting of the Share Issue Mandate and Share Repurchase Mandate and the re-appointment of auditor are all in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the AGM.

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

APPENDIX I PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

The biographical and other details of the retiring Directors standing for re-election at the AGM are set out below:

Mr. Huang Binghuang

Mr. Huang Binghuang (“Mr. Huang”), aged 49, was appointed as an executive director, chairman of the Board and chief executive officer of the Company on 30 September 2019. Mr. Huang is also a director of various subsidiaries of the Company. He graduated from the Chongqing University. He was the largest shareholder, executive director, CEO and Chief Operating Officer of Grand Field Group (Stock code: 0115), a company listed on the Main Board of the Stock Exchange. He served as a consultant to the dean of Peking University, a member of Tenth Committee of the Chinese People’s Political Consultative Conference (CPPCC) of Jiangxi Province and the special representative of Hong Kong and Macau of the Eleven Session of the CPPCC, a director of Overseas Friendship Association of Jiangxi. He also served as the executive vice chairman of the Hong Kong-Jiangxi Association of Societies, honorary chairman of the China-Africa Investment Club, vice chairman of the International Economic Development Research Center, honorary president of the China Forestry and Environment Promotion Association, vice president of the China Federation of Modern Service Industries, officer of the China Brand and Integrity Magazine (Shenzhen) Office, director of the Shenzhen Federation of Industry and Commerce, China Society for Promotion of the Guangcai Program, president of the Lions Clubs of Central Asia, and honorary chairman of many higher education and industry institutions. As at the Latest Practicable Date, Mr. Huang is deemed to be interested in the 2,112,533,229 shares held by China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited) as Mr. Huang indirectly holds 90% of the shares of China Asia Graphene Holding Group Co. Limited, which would fall to be disclosed to the listed issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr. Huang is also a director of China Asia Graphene Holding Group Co. Limited and China Asia Group (HK) Limited, being controlling shareholders of the Company.

There is a service contract entered into between the Company and Mr. Huang on 20 April 2021, pursuant to which his appointment is for a term of three years commencing from 1 May 2021 (which shall continue for further successive periods until terminated by either party giving at least two (2) months’ notice) but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Listing Rules and the Bye-laws. Mr. Huang is entitled to receive an annual remuneration of HK\$1 million. Mr. Huang remuneration was determined with reference to his experience, responsibility, market conditions and the Company’s remuneration policy, and was recommended by the remuneration committee of the Company and approved by the Board.

Save as disclosed herein and as at the Latest Practicable Date, Mr. Huang did not hold any position in the Company or any of its subsidiaries nor had any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications. Save as disclosed above, Mr. Huang was not interested in any Shares within the meaning of Part XV of the SFO.

APPENDIX I PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Ms. Xia Ping

Ms. Xia Ping (“Ms. Xia”), aged 49, was appointed an executive Director of the Company on 30 September 2019. Ms. Xia graduated from the East China University of Technology, Fuzhou Normal University* (東華理工大學撫洲師範學院), majoring in Chinese Language and Literature in 1992 and the China Central Radio and TV University* (中央廣播電視大學) in the PRC majoring in Chinese Language and Literature in 2005 and obtained the qualification of intermediate accountant issued by the Ministry of Finance of the PRC in 2006. She is the executive president of Shenzhen Haogang Zhongya Electronic City Group Co., Ltd.* (深圳市坐崗中亞電子城集團股份有限公司). Besides, Ms. Xia also acts as an executive director of Zhongya Daye Industrial Park Management Co., Ltd.* (中亞大冶產業園管理有限公司), a director of Shenzhen Zhongya Film Industry Co., Ltd.* (深圳市中亞影視產業有限公司) and a supervisor of Shenzhen Zhongya Film Industry Co., Ltd.* (中亞視界科技(深圳)有限公司). Ms. Xia is also a director of various subsidiaries of the Company.

There is a service contract entered into between the Company and Ms. Xia on 20 April 2021, pursuant to which her appointment is for a term of three years commencing from 1 May 2021 (which shall continue for further successive periods until terminated by either party giving at least two (2) months’ notice) but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Listing Rules and the Bye-laws. Ms. Xia is entitled to receive an annual remuneration of HK\$500,000. Ms. Xia remuneration was determined with reference to her experience, responsibility, market conditions and the Company’s remuneration policy, and was recommended by the remuneration committee of the Company and approved by the Board.

Save as disclosed herein and as at the Latest Practicable Date, Ms. Xia did not hold any position in the Company or any of its subsidiaries nor had any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications. Ms. Xia did not have, and was not deemed to have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Ms. Wang Lijiao

Ms. Wang Lijiao (“Ms. Wang”), aged 40, was appointed as a non-executive Director of the Company on 30 September 2019. Ms. Wang is the director of China Asia Graphene Holding Group Co. Limited and is a director of China Asia Group (HK) Limited, being controlling shareholders of the Company.

APPENDIX I PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

There is an appointment letter entered into between the Company and Ms. Wang on 20 April 2021, pursuant to which her appointment is for a term of three years commencing from 1 May 2021 (which shall continue for further successive periods until terminated by either party giving at least one (1) months' notice) but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Listing Rules and the Bye-laws. Ms. Wang is entitled to receive an annual remuneration of HK\$250,000. Ms. Wang remuneration was determined reference to her experience, responsibility, market conditions and the Company's remuneration policy, and was recommended by the remuneration committee of the Company and approved by the Board.

Save as disclosed herein and as at the Latest Practicable Date, Ms. Wang did not hold any position in the Company or any of its subsidiaries nor had any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications. Ms. Wang did not have, and was not deemed to have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Lum Pak Sum

Mr. Lum Pak Sum ("Mr. Lum"), aged 60, has been a fellow member of the Hong Kong Institute of Certified Public Accountants and The Chartered Association of Certified Accountants UK since 1996 and 1993 respectively. He obtained a master's degree in business administration from The University of Warwick in 1994 and a bachelor's degree in laws from University of Wolverhampton in 2002. Mr. Lum has over 30 years of experience in financial field, the money market and capital market. Mr. Lum has been the independent non-executive director of Great China Properties Holdings Limited (formerly known as Waytung Global Group Limited and Beauforte Investors Corporation Limited) (Stock code: 0021), a company listed on the Stock Exchange, since August 2007; independent non-executive director of i-Control Holdings Limited (Stock code: 1402), a company listed on the Stock Exchange, since May 2015; independent non-executive director of Kwan On Holdings Limited (Stock code: 1559), a company listed on the Stock Exchange, since August 2016; independent non-executive director of Anxian Yuan China Holdings Limited (Stock code: 0922), a company listed on the Stock Exchange, since May 2017; independent non-executive director of S. Culture International Holdings Limited (Stock code: 1255), a company listed on the Stock Exchange, since June 2017; and has been a non-executive director of Sunway International Holdings Limited (Stock code: 0058), a company listed on the Stock Exchange, since May 2019. Mr. Lum was an independent non-executive director of Yuhua Energy Holdings Limited (Stock code: 2728), a company listed on the Stock Exchange, from December 2014 to April 2019; independent non-executive director of Beautiful China Holdings Company Limited (Stock code: 0706), a company listed on the Stock Exchange, from January 2014 to August 2018; independent non-executive director of Pearl Oriental Oil Limited (Stock code: 0632), a company listed on the Stock Exchange, from December 2017 to June 2018.

APPENDIX I PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

Mr. Lum has entered into an appointment agreement with the Company on 30 September 2019. His appointment is for a term of three years (and may be terminated by one-month's notice given by each party), but is subject to rotation and re-election as annual general meetings in accordance with the Bye-Laws and the Listing Rules. Mr. Lum is entitled to a remuneration of HK\$20,000 per month, which was determined with reference to his experience, responsibilities, market condition and the Company's remuneration policy, and was recommended by the remuneration committee of the Company and approved by the Board.

Pursuant to Code Provision A.5.5 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, if a proposed independent non-executive director will be holding his seventh (or more) listed company directorship, the circular should set out why the Board believes such person would still be able to devote sufficient time to the Board.

Mr. Lum is holding directorship in six other listed companies in Hong Kong in addition to his directorship in the Company. All of Mr. Lum's other directorships are non-executive in nature and do not require Mr. Lum to devote his full time and attention to the affairs of those companies. Mr. Lum has since his appointment on 30 September 2019 attended the vast majority of board meetings, board committee meetings and general meetings of the Company, and has made significant contributions to the supervision and oversight of the Company's affairs, including but not limited to financial reporting, corporate governance, risk management and regulatory compliance. In addition, Mr. Lum has confirmed that he is able to devote sufficient time to the affairs of the Company, as evidenced by his previous high attendance rate, swift response to the affairs of the Company and the frequent expressions of his view and independent judgment on the matters brought to his attention. The Company has also taken into account the qualification, skills and experience of Mr. Lum, his valuable contribution to the Company and the character and integrity as an independent non-executive Director shown by Mr. Lum since his appointment.

After taking into account the abovementioned factors, the Board is of the view that Mr. Lum is able to devote sufficient time to perform his responsibilities and attention to the affairs of the Company as an independent non-executive Director notwithstanding the other directorships that he is holding. The Board is also of the view that Mr. Lum would continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

The Company and nomination committee of the Company will from time to time quantitatively and qualitatively review the performance of each Director, and in particular Directors holding multiple listed company directorships so as to ensure that each of the Directors would devote sufficient time and attention to the affairs of the Company.

Save as disclosed herein and as at the Latest Practicable Date, Mr. Lum did not hold any position in the Company or any of its subsidiaries nor had any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company. In addition, Mr. Lum did not have any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications. Mr. Lum did not have, and was not deemed to have, any interests in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

APPENDIX I PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

Mr. Lum has confirmed that he meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Duan Rihuang

Mr. Duan Rihuang (“Mr. Duan”), aged 63, has over 25 years of experience in the managerial field. From 1987 to 1991, Mr. Duan held the position of the general manager of Jiangxi Liancheng Tourism Rental Company Limited* (江西聯城旅遊出租有限公司). During the period from 1992 to 1998, Mr. Duan was the vice chairman and the general manager of 江西百龍實業有限公司 (Jiangxi Bailong Shiye Company Limited*). From 2005 to 2010, Mr. Duan held the position as general manager of Jiangzi Ruiji Communication Technology Company Limited* (江西瑞吉通訊技術有限公司). Currently, Mr. Duan is the vice chairman of Jiangnan Valve Company Limited* (江南閥門有限公司).

Mr. Duan has entered into an appointment letter with the Company on 20 April 2021 pursuant to which his appointment is for a term of three years commencing from 1 May 2021 (which shall continue for successive periods until terminated by either party giving at least seven (7) days’ notice) but is subject to rotation and re-election as annual general meetings in accordance with the Bye-Laws and the Listing Rules. Mr. Duan is entitled to an annual remuneration of HK\$200,000, which was determined with reference to his experience, responsibilities, market condition and the Company’s remuneration policy, and was recommended by the remuneration committee of the Company and approved by the Board.

Save as disclosed herein and as at the Latest Practicable Date, Mr. Duan did not hold any position in the Company or any of its subsidiaries nor had any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company. In addition, Mr. Duan did not have any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications. Mr. Duan did not have, and was not deemed to have, any interests in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

Mr. Duan has confirmed that he meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

Save as disclosed above, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

* For identification purposes only.

The following is an explanatory statement as required under Rule 10.06(1)(b) of the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Share Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,819,102,084 Shares. Subject to the passing of the ordinary resolution set out in item 5 of the notice of the AGM in respect of the granting of the Share Repurchase Mandate and on the basis that the total number of issued Shares remains unchanged until the date of the AGM, i.e. being 2,819,102,084 Shares, the Directors would be authorised under the Share Repurchase Mandate to repurchase, during the period in which the Share Repurchase Mandate remains in force, a total number of 281,910,208 Shares, representing 10% of the total number of Shares in issue as at the date of the AGM.

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the granting of the Share Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF SHARE REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Bye-laws of the Company, the laws of Bermuda and/or any other applicable laws, and the Listing Rules as the case may be.

4. IMPACT OF SHARE REPURCHASE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2020) in the event that the Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the 12 months immediately preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2020		
May	0.186	0.155
June	0.186	0.144
July	0.185	0.149
August	0.168	0.139
September	0.165	0.121
October	0.146	0.135
November	0.139	0.112
December	0.117	0.102
2021		
January	0.108	0.082
February	0.115	0.089
March	0.116	0.100
April	0.113	0.104
May (up to the Latest Practicable Date)	0.110	0.103

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

7. TAKEOVERS CODE

If, as a result of a repurchase of Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, China Asia Graphene Holding Group Co. Limited (previously known as Zhonghan International Holdings Group Limited), the controlling Shareholder (as defined in the Listing Rules), was interested in 2,112,533,229 Shares, representing approximately 74.94% of the issued Shares. In the event that the Directors exercise in full the Share Repurchase Mandate to repurchase Shares, then (if the present shareholding otherwise remains the same) the shareholding of China Asia Graphene Holding Group Co. Limited would be increased to approximately 83.26% of the issued Shares. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code but would reduce the amount of Shares held by the public (as defined in the Listing Rules) to less than 25% of the total issued Shares. The Company has no present intention to repurchase Shares to such extent as to result in the amount of Shares held by the public (as defined in the Listing Rules) being reduced to less than 25%.

8. SHARE REPURCHASE MADE BY THE COMPANY

During the six months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



CHINA ASIA VALLEY GROUP LIMITED

中亞烯谷集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of China Asia Valley Group Limited (the “Company”) (the “Annual General Meeting”) will be held at Flat A5, Zhong Ya Gui Gu Hai An, Shajing, Bao’an District, Shenzhen, the People’s Republic of China, on 23 June 2021 at 3:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements and the reports of the directors and the auditor for the year ended 31 December 2020.
2.
 - (i) To re-elect Mr. Huang Binghuang as executive director.
 - (ii) To re-elect Ms. Xia Ping as executive director.
 - (iii) To re-elect Ms. Wang Lijiao as non-executive director.
 - (iv) To re-elect Mr. Lum Pak Sum as independent non-executive director.
 - (v) To re-elect Mr. Duan Rihuang as independent non-executive director.
 - (vi) To authorise the board of directors to fix the remuneration of directors.
3. To re-appoint Messers. ZHONGHUI ANDA CPA Limited as auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next annual general meeting and to authorise the board of directors to fix their remuneration.

As additional ordinary business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

4. **“THAT:**
 - (a) subject to paragraph 4(c) below, a general mandate be and is hereby generally and unconditionally granted to the Directors during the Relevant Period (as defined below) to exercise the power of the Company to allot,

NOTICE OF ANNUAL GENERAL MEETING

issue and otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;

- (b) the mandate in paragraph 4(a) above shall authorize the Directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of shares to be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph 4(a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company; and
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution and the said mandate shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by passing of an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation

NOTICE OF ANNUAL GENERAL MEETING

to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

5. **“THAT:**

- (a) subject to paragraph 5(b) below, a general mandate be and is hereby generally and unconditionally granted to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange of which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws, rules and regulations;
- (b) the total number of shares of the Company to be repurchased pursuant to the mandate in paragraph 5(a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution and the said mandate shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by passing of an ordinary resolution of the shareholders of the Company in general meeting.”

As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolutions:

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon the passing of resolutions set out in paragraphs 4 and 5 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in paragraph 4 of the Notice be and is hereby extended by the addition to the total number of shares of the Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of the number of shares repurchased by the Company pursuant to the mandate referred to in resolution set out in paragraph 5 of the Notice, provided that such amount shall not exceed 10% of the total number of the issued shares of the Company as at the date of passing of this resolution.”

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

Hong Kong, 17 May 2021

Notes:

- (1) The register of members of the Company will be closed from 18 June 2021 to 23 June 2021, both days inclusive, for the purpose of establishing entitlement of shareholders to vote at the meeting. During this period, no transfer of shares will be effected. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on 17 June 2021.
- (2) A shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
- (3) To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM (i.e. no later than 3:00 p.m. (Hong Kong time) on 21 June 2021) or any adjournment thereof.
- (4) Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the Annual General Meeting or any adjournment.