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## **ANXIAN YUAN CHINA HOLDINGS LIMITED**

**安賢園中國控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 0922)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**



**Supreme China Securities Limited**

**智華證券有限公司**

**Supreme China Securities Limited**

On 29 November 2019 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the Placees to subscribe for the Placing Shares at the Placing Price of HK\$0.15 per Placing Share during the Placing Period. The Placing Agent will place the Placing Shares to not less than six Placees who are Independent Third Parties.

Assuming the Placing Shares are fully placed, a maximum number of 148,000,000 Placing Shares, representing 19.99% of the existing total issued Shares of 740,545,260 Shares as at the date of this announcement and approximately 16.66% of the total issued Shares as enlarged by the Placing, will be issued pursuant to the Placing (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of completion of the Placing save for the issue of the Placing Shares).

\* For identification purposes only

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting placing commission payable to the Placing Agent and other related expenses incurred in the Placing) from the Placing will amount to HK\$22.2 million and approximately HK\$21.8 million, respectively. The Company intends that the net proceeds of the Placing will be used (a) as to approximately 61%, representing approximately HK\$13.4 million, will be used for repayment of existing debts and payables with an intention to improve the Group's financial position, gearing and liquidity; and (b) as to approximately 39%, representing approximately HK\$8.4 million, will be used for general working capital of the Group.

The Placing Shares will be allotted and issued under the General Mandate.

The Placing is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

**As completion of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## THE PLACING AGREEMENT

Date: 29 November 2019 (after trading hours)

Parties: (i) the Company as the issuer; and  
(ii) Supreme China Securities Limited as the Placing Agent

### Placing Agent

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best effort basis, the Placees to subscribe for the Placing Shares at the Placing Price during the Placing Period and will receive a placing commission of 1.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by the Placing Agent. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents and the size of the Placing. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and/or its connected persons.

## **Placees**

The Placing Agent will place the Placing Shares to not less than six Placees, being professional, institutional and/or other investors, who and whose ultimate beneficial owners are Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after taking up the Placing Shares.

## **Number of Placing Shares**

The maximum number of 148,000,000 Placing Shares represents 19.99% of the existing total issued Shares as at the date of this announcement and approximately 16.66% of the total issued Shares of the Company as enlarged by the Placing (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of completion of the Placing save for the issue of the Placing Shares).

## **Ranking of the Placing Shares**

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.15 per Placing Share represents:

- (i) a discount of approximately 11.24% to the closing price of HK\$0.169 per Share as quoted on the Stock Exchange on 29 November 2019, being the date of the Placing Agreement;
- (ii) a discount of approximately 14.29% to the average closing price per Share of approximately HK\$0.175 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 29 November 2019; and
- (iii) a discount of approximately 26.83% over the average closing price per Share of approximately HK\$0.205 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to 29 November 2019.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to market prices of the Shares in recent times and the current market conditions. The Directors consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent to closing of the Placing**

Closing of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

Pursuant to the terms of the Placing Agreement, in the event the above conditions have not been fulfilled (or waived by the Placing Agent) on or prior to 20 December 2019 (or such other date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall cease and determine and none of the parties shall be under any liability to the other for any costs or losses (save for any prior breaches of the Placing Agreement).

### **Termination of the Placing Agreement**

Pursuant to the terms of the Placing Agreement, if at any time prior to 6:00 a.m. on the third Business Day following the satisfaction of the conditions precedent under the Placing Agreement (or such later date as the Company and the Placing Agent shall agree) (the “Closing Time”), in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial conditions or prospects of the Company or the Group would or might be adversely affected by:

- (a) there develops, occurs or comes into force:
  - (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
  - (ii) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
  - (iii) any change in conditions of local, national or international securities markets; or any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
  - (iv) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or any jurisdictions in which any member of the Group is incorporated or operates; or
  - (v) any material litigation or claim being instigated against any member of the Group; or
  - (vi) any suspension in the trading of Shares on the Stock Exchange for a continuous period of five Business Days; or

- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (c) there is any material adverse change in the financial position of the Company, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company and in such event, the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

### **Completion of the Placing**

The completion of the Placing shall take place on the Completion Date.

**As Completion is subject to the satisfaction of the conditions precedent under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

### **GENERAL MANDATE**

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM pursuant to which the Directors are authorised to issue up to 148,109,052 Shares (representing 20% of the total number of issued Shares as at the date of the AGM). Up to the date of this announcement, no Share has been issued under the General Mandate.

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Company is an investment holding company and its subsidiaries are principally engaged in the development and operation of cemeteries in the PRC.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting placing commission payable to the Placing Agent and other related expenses incurred in the Placing) from the Placing will amount to HK\$22.2 million and approximately HK\$21.8 million, respectively. Assuming the Placing Shares are fully placed, the net placing price will be approximately HK\$0.147 per Placing Share.

The Company intends that the net proceeds of the Placing will be used (a) as to approximately 61%, representing approximately HK\$13.4 million, will be used for repayment of existing debts and payables with an intention to improve the Group's financial position, gearing and liquidity; and (b) as to approximately 39%, representing approximately HK\$8.4 million, will be used for general working capital of the Group.

The Directors are of the view that (i) the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent; (ii) net proceeds of the Placing can strengthen the financial position of the Group and provide additional working capital to the Group; and (iii) the Placing also represents good opportunities to broaden the shareholder base and the capital base of the Company. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of this announcement and (ii) immediately upon completion (assuming that all the Placing Shares are placed and there is no change in the number of issued Shares of the Company between the date of this announcement and closing of the Placing) are as follows:

Name of Shareholders	As at the date of this announcement		Immediately upon Completion	
	No. of Shares	%	No. of Shares	%
<b>Directors:</b>				
Mr. Shi Hua ( <i>Note</i> )	202,178,000	27.30	202,178,000	22.75
Mr. Shi Jun	12,200,000	1.65	12,200,000	1.37
Mr. Law Fei Shing	2,800,000	0.38	2,800,000	0.32
<b>Public:</b>				
The Placees	–	–	148,000,000	16.66
Other public Shareholders	523,367,260	70.67	523,367,260	58.90
Total	<u>740,545,260</u>	<u>100.0</u>	<u>888,545,260</u>	<u>100.0</u>

*Note:*

The 180,000,000 Shares out of 202,178,000 Shares are held by Master Point Overseas Limited which is a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is legally and beneficially owned by Mr. Shi Hua, an executive director of the Company. The remaining 22,178,000 Shares out of the 202,178,000 Shares are held by Mr. Shi Hua in personal interests.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activity in the past twelve months prior to the date of this announcement.

## APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

## GENERAL

**As Completion is subject to the satisfaction of the conditions precedent under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 9 September 2019
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays or public holidays) on which banks are generally open for business in Hong Kong
“Completion”	completion of Placing
“Completion Date”	the fifth Business Day following the satisfaction (or waiver) of all the conditions specified in the Placing Agreement or such other date as the Company and the Placing Agent may agree
“Company”	Anxian Yuan China Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0922)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then total issued Shares as at the date of the AGM
“Group”	Collectively, the Company and its subsidiaries
“HK\$”	the Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are not connected persons (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company and/or its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional and/or other investor(s) selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	Supreme China Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activity for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement dated 29 November 2019 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing from the execution of the Placing Agreement and ending on 20 December 2019
“Placing Price”	HK\$0.15 per Placing Share
“Placing Shares”	up to a maximum of 148,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board of  
**ANXIAN YUAN CHINA HOLDINGS LIMITED**  
**Shi Hua**  
*Chairman*

Hong Kong, 29 November 2019

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Shi Hua, Mr. Shi Jun and Mr. Law Fei Shing; one non-executive director, namely Mr. Wang Hongjie; and three independent non-executive directors, namely Mr. Chan Koon Yung, Mr. Lum Pak Sum and Mr. Yao Hong.*