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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)

CONNECTED TRANSACTION

THE AGREEMENT

The Board is pleased to announce that on 15 August 2019 (after trading hours), the Vendor and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Agreement pursuant to which the Vendor agrees to sell and the Purchaser agrees to purchase the Equity Interest, representing 1.62% equity interest of the Target Company, at a total consideration of RMB6,000,000 (equivalent to approximately HK\$6,781,000) which will be settled in cash.

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is owned as to 42.5% by Mr. Shi Hua, an executive Director and chairman of the Board, and as to 10.0% by Mr. Shi Jun, an executive Director and the chief executive officer of the Company. The Vendor is therefore regarded as a connected person of the Company. In the circumstances, the Agreement constitutes a connected transaction of the Company under the Listing Rules. As all applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 15 August 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement pursuant to which the Vendor agrees to sell and the Purchaser agrees to purchase the Equity Interest, representing 1.62% equity interest of the Target Company, at a total consideration of RMB6,000,000 (equivalent to approximately HK\$6,781,000) which will be settled in cash.

* *For identification only*

THE AGREEMENT

Date

15 August 2019

Parties

1. Vendor, a connected person of the Company
2. Purchaser, a wholly-owned subsidiary of the Company

The Vendor, established under the laws of the PRC on 8 July 1996, is a limited liability company with a registered capital of RMB3,600,000 and is principally engaged in wholesale and retail business in Zhejiang province, the PRC.

The Purchaser, established under the laws of the PRC on 9 May 2019, is a limited liability company with a registered capital of RMB1,000,000 and is principally engaged in the business of enterprise management, property management and provision of management service. The Purchaser is an indirect wholly-owned subsidiary of the Company.

Assets to be acquired

The Equity Interest represents 1.62% equity interest of the Target Company. Prior to the Acquisition, the Target Company is indirectly owned as to 98.38% by the Company. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Consideration

The total consideration for the Equity Interest is RMB6,000,000 (equivalent to approximately HK\$6,781,000) based on the exchange rate of HK\$1.00 = RMB0.8848 which will be payable in cash within three (3) business days after the date of the Agreement or such other date as the Vendor and the Purchaser may agree. The consideration will be funded by internal resources of the Group and was determined with reference to the unaudited net asset value of the Target Company as at 31 March 2019 of approximately RMB474,195,000.

Completion

Completion of the transfer of the Equity Interest will take place within ten (10) business days after the date of the Agreement or such other date as the Vendor and the Purchaser may agree.

INFORMATION OF THE TARGET COMPANY

The Target Company, established under the laws of the PRC on 26 April 1999, is a limited liability company with a registered capital of RMB85,000,000 (fully paid up) and is principally engaged in the business of developing and operating cemetery in Hangzhou, Zhejiang province, the PRC. The Target Company sells burial sites, designs tombstones according to customers' order and provides daily management services to cemetery. As at the date of the Agreement, the Target Company is indirectly owned as to 98.38% by the Company and as to 1.62% by the Vendor. The original acquisition cost of the Equity Interest to the Vendor at the time of the establishment of the Target Company was RMB1,377,000.

Financial information of the Target Company

The unaudited financial statements of the Target Company for the two years ended 31 March 2018 and 2019, respectively, prepared in accordance with the Hong Kong Financial Reporting Standards, are summarised as follows:

	For the year ended	
	31 March	
	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	158,000	173,027
Profit before taxation	38,453	57,188
Profit after taxation	28,647	43,575

The net asset value of the Target Company as at 31 March 2019 (unaudited) was approximately HK\$552,810,000.

REASONS FOR ENTERING INTO THE AGREEMENT

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

The Company intends to continue to focus on its cemetery business which the Directors believe to grow steadily in view of the aging trend in the PRC population, the continuous economic growth of the PRC and the enhanced spending power of PRC residents. The Target Company has been a non-wholly owned subsidiary of the Group since November 2010 and the Board has confidence in its future business performance in the cemetery industry.

The terms of the Agreement were determined after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable, the Acquisition is on normal commercial terms and in the ordinary and usual course of business, and the Acquisition is in the interests of the Company and Shareholders as a whole.

Pursuant to the bye-laws of the Company and the Listing Rules, a Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associate(s) has/have a material interest. As the Vendor is owned as to 42.5% by Mr. Shi Hua and as to 10.0% by Mr. Shi Jun, both Mr. Shi Hua and Mr. Shi Jun are regarded to have a material interest in the transaction contemplated under the Agreement. Accordingly, Mr. Shi Hua and Mr. Shi Jun are required to abstain and have abstained from voting on the relevant Board resolutions to approve the Agreement and the transaction contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is owned as to 42.5% by Mr. Shi Hua, an executive Director and the chairman of the Board, and as to 10.0% by Mr. Shi Jun, an executive Director and the chief executive officer of the Company. The Vendor is therefore regarded as a connected person of the Company. In the circumstances, the Agreement constitutes as a connected transaction of the Company under the Listing Rules.

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Equity Interest contemplated under the Agreement
“Agreement”	the equity interest transfer agreement dated 15 August 2019 entered into between the Vendor as vendor and the Purchaser as purchaser for the acquisition of 1.62% equity interest of the Target Company at a total consideration of RMB6,000,000 (equivalent to approximately HK\$6,781,000) payable by cash to the Vendor
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Anxian Yuan China Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange (stock code: 922)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Interest”	1.62% equity interest of the Target Company, which is legally and beneficially owned by the Vendor immediately before completion of the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Purchaser”	杭州富亦賢科技有限公司 (in English, for identification purpose only, Hangzhou Fuyixian Technology Company Limited), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the existing issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	浙江安賢陵園有限責任公司 (in English, for identification purpose only, Zhejiang Anxian Yuan Company Limited), a company established under the laws of the PRC
“Vendor”	浙江富安移民經濟開發有限公司 (in English, for identification purpose only, Zhejiang Fu An Immigration Economic Development Company Limited), a company established under the laws of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By Order of the Board
Anxian Yuan China Holdings Limited
Shi Hua
Chairman of the Board

Hong Kong, 15 August 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.