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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: 00922)**

### **LAPSE OF MEMORANDUM OF UNDERSTANDING AND USE OF PROCEEDS OF THE RIGHTS ISSUE**

References are made to Anixan Yuan China Holdings Limited's (the "**Company**") announcement dated 25 March 2020, circular dated 29 April 2020 (the "**Circular**") and prospectus dated 8 July 2020 in relation to, among others, the entering into of the MOU and the Rights Issue. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

#### **LAPSE OF THE MOU**

On 14 March 2020, Anxian Yuan Zhejiang and the Partners entered into the MOU in relation to possible investment by Anxian Yuan Zhejiang in 阜陽市天壽園陵園管理有限公司 (Fuyang Tianshouyuan Cemetery Management Co., Ltd.\*) by way of capital injection and its development of a commercial cemetery (經營性公墓), subject to the entering into of the formal agreement. According to the MOU, Anxian Yuan Zhejiang and the Partners should enter into the Formal Agreement within six months from the date of the MOU. The Board wishes to inform the Shareholders that the Formal Agreement was not entered into between Anxian Yuan Zhejiang and the Partners by 13 September 2020, being the expiry date of the aforesaid six months period, as Anxian Yuan Zhejiang and the Partners were unable to reach an agreement on the terms of the Formal Agreement after negotiations in good faith during such period. Accordingly, the MOU has lapsed on 13 September 2020 and the parties thereto will no longer pursue the investment in the Target Company. The Board considers that the termination of the MOU will not have any material adverse impact on the business operation and financial position of the Group.

## **USE OF PROCEEDS OF THE RIGHTS ISSUE**

As disclosed in the letter from the Board contained in the Circular, in the event that the investment under the MOU does not materialise, the Company intends to utilise the net proceeds from the Rights Issue originally allocated for the First Phase Investment for other similar investment opportunity(ies). The Company is currently studying and in discussion on certain potential strategic investment opportunities and will make further announcement(s) to update the Shareholders with details of these investments as and when appropriate pursuant to the requirements of the Listing Rules.

The net proceeds from the Rights Issue was approximately HK\$131.6 million. The Group intends to apply (i) approximately 62.0% or HK\$81.6 million of the net proceeds from the Rights Issue to the aforementioned potential strategic investment opportunity(ies); (ii) approximately 22.0% or HK\$28.9 million of the net proceeds from the Rights Issue for repayment of existing debts and payables; and (iii) approximately 16.0% or HK\$21.1 million of the net proceeds from the Rights Issue for general working capital. Up to the date of this announcement, approximately HK\$6.8 million of the net proceeds was used to repay certain debts and payables of the Group and approximately HK\$21.1 million of the net proceeds was used as the Group's general working capital.

By Order of the Board  
**ANXIAN YUAN CHINA HOLDINGS LIMITED**  
**SHI HUA**  
*Chairman*

Hong Kong, 18 September 2020

*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 two independent non-executive Directors, namely Mr. Chan Koon Yung and Mr. Lum Pak Sum.*

\* *For identification purpose only*