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If you are in any doubt as to any aspect 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 Anxian Yuan China Holdings Limited (the “Company”), you should at once hand this circular, and the accompanying proxy form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

PROPOSALS IN RELATION TO GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, RE-ELECTION OF DIRECTORS, ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice of annual general meeting (the “AGM”) of the Company to be held at 2/F., 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 28 August 2018 at 10:00 a.m. is set out on pages 33 to 38 of this circular. A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy, in accordance with the instructions printed thereon and deposit the same at the offices of the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

20 July 2018

* For identification purposes only

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DEFINITIONS

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

“Adoption Date”	28 August 2018, being the date on which the New Share Option Scheme is adopted by an ordinary resolution of the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the proposed grant of the Issue Mandate and the Repurchase Mandate, the re-election of retiring Directors and the adoption of the New Share Option Scheme at 2/F., 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 28 August 2018 at 10:00 a.m.
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended, supplemented or otherwise modified from time to time
“Capital Reduction”	the cancellation of any fraction in the issued share capital of the Company arising as a result of the Share Consolidation (if applicable) and the proposed reduction of the nominal value of each of the then issued Consolidated Shares from HK\$1.00 to HK\$0.10 by cancelling the paid-up capital to the extent of HK\$0.90 on each of the then issued Consolidated Shares
“Capital Reorganisation”	includes the Share Consolidation, the Capital Reduction and the Share Sub-division
“Close Associates”	has the meaning ascribed to this term under Listing Rules

DEFINITIONS

“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
“Connected Persons”	has the meaning ascribed to it under Listing Rules
“Consolidated Share(s)”	ordinary share(s) of nominal value of HK\$1.00 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Share Sub-division becoming effective
“Directors”	the director(s) of the Company
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 18 July 2008 and expired on 17 July 2018
“Existing Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Share repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Mandate”	the general mandate to allot, issue and deal with Shares not exceeding 20% of the issued Share capital of the Company as at the date of passing of the resolution approving the Issue Mandate

DEFINITIONS

“Latest Practicable Date”	16 July 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme proposed to be adopted at the AGM, the principal terms of which are set out in Appendix II, as amended, supplemented or otherwise modified from time to time
“New Share(s)”	the ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued Share capital of the Company as at the date of the resolution approving the Repurchase Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Consolidation”	the proposed consolidation of every 10 issued and unissued Existing Shares of nominal value of HK\$0.10 each in the share capital of the Company into 1 Consolidated Share of nominal value of HK\$1.00
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Shares of nominal value of HK\$1.00 into 10 New Shares of nominal value of HK\$0.10 each
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Shi Hua (*Chairman*)

Mr. Shi Jun (*Chief Executive Officer*)

Mr. Law Fei Shing (*Deputy Chief Executive Officer*)

Non-Executive Director:

Mr. Wang Hongjie

Independent Non-executive Directors:

Mr. Chan Koon Yung

Mr. Lai Chun Yu

Mr. Lum Pak Sum

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head office and principal

place of business in Hong Kong:

Room 1215, Leighton Centre

77 Leighton Road

Causeway Bay

Hong Kong

20 July 2018

To the Shareholders

Dear Sir or Madam,

**PROPOSALS IN RELATION TO
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM which include, among other matters, the approval of (i) the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; (ii) the re-election of the retiring Directors; and (iii) the adoption of the New Share Option Scheme.

* For identification purposes only

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 22 September 2017, the Directors were granted a general mandate to allot, issue and deal with additional Shares and a general mandate to repurchase Shares. These mandates will expire at the conclusion of the AGM. At the AGM, among other businesses, resolutions will be proposed to grant the Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Directors. The Directors believe that the renewal of these mandates is in the interests of the Company and the Shareholders as a whole.

Accordingly, the following ordinary resolutions will be proposed at the AGM for the Shareholders to consider and approve:–

- (a) the granting of the Issue Mandate (resolution numbered 4) so that the Directors will be able to allot, issue and deal with additional Shares up to 20% of the aggregate number of the issued Shares as at the date of the AGM;
- (b) the granting of the Repurchase Mandate (resolution numbered 5) so that the Directors are authorised to purchase Shares on the Stock Exchange with an aggregate number of up to 10% of the aggregate number of the issued Shares on the date of the AGM; and
- (c) the granting of the Extension Mandate (resolution numbered 6) so that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares, which may be allotted and issued under the Issue Mandate.

Each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the next annual general meeting of the Company is required by the By-laws or any applicable law of Bermuda to be held; and (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Subject to the passing of the proposed resolution for the grant of the Issue Mandate and on the basis that no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the AGM, the Directors will be authorised to issue up to a maximum of 1,481,090,520 Existing Shares pursuant to the Issue Mandate based on the number of issued Shares of 7,405,452,600 as at the Latest Practicable Date.

LETTER FROM THE BOARD

Subject to the passing of the proposed resolution for the grant for the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the AGM, the Directors will be authorised to repurchase up to a maximum of 740,545,260 Existing Shares pursuant to the Repurchase Mandate based on the number of issued Shares of 7,405,452,600 as at the Latest Practicable Date.

Under Rule 10.06(1)(b) of the Listing Rules, the Company is required to give the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate. The explanatory statement required by the Listing Rules is set out in the Appendix I to this circular.

On 25 June 2018, the Company announced the proposed Capital Reorganisation which would involve the Share Consolidation, the Capital Reduction and the Share Sub-division. Based on the 7,405,452,600 Shares in issue as at the Latest Practicable Date, upon completion of the Capital Reorganisation, the total number of issued Shares will be 740,545,260 New Shares and the number of Shares subject to the Issue Mandate and Repurchase Mandate will be 148,109,052 New Shares and 74,054,526 New Shares, respectively. For further details, please refer to the announcement of the Company dated 25 June 2018 in connection with the Capital Reorganisation.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of seven Directors, including 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. Lai Chun Yu and Mr. Lum Pak Sum.

Pursuant to No. 84 of the Bye-laws, at each annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation such that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to rotation who have been longest in office since their last election or appointment and so that as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

LETTER FROM THE BOARD

Pursuant to No. 83(2) of the Bye-laws, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. All Directors appointed to fill a casual vacancy shall be subject to election by the Shareholders at the first annual general meeting after their appointment. Any other Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to No. 84 of the Bye-laws, Mr. Wang Hongjie, Mr. Chan Koon Yung and Mr. Lai Chun Yu will retire from office by rotation at the AGM. Mr. Wang Hongjie and Mr. Chan Koon Yung, being eligible, have offered themselves for re-election at the AGM while Mr. Lai Chun Yu has informed the Board that he would not offer himself for re-election and he will retire from the Board with effect from the conclusion of the AGM.

Mr. Lai confirms that he does not have any disagreement with the Board and there is nothing to be brought to the attention of the Shareholders in relation to his proposed retirement. The Board would like to express its sincere gratitude to Mr. Lai for his valuable contribution to the Company during his tenure of service. The Company will make its best endeavours to seek suitable candidate to fill the vacancy as soon as possible within three months from the effective date of retirement of Mr. Lai pursuant to Rules 3.10(1), 3.11, 3.21 and 3.23 of the Listing Rules.

Brief biographical details of Mr. Wang Hongjie and Mr. Chan Koon Yung are set out in Appendix II of this circular.

ADOPTION OF NEW SHARE OPTION SCHEME

Existing Share Option Scheme

The Existing Share Option Scheme had expired on 17 July 2018, being the tenth anniversary after the date on which the Existing Share Option Scheme was adopted. Other than the Existing Share Option Scheme, the Company currently does not maintain any other share option schemes.

The Existing Share Option Scheme was adopted at the Company's annual general meeting held on 18 July 2008. Since then, the limit on the total number of Shares which could be granted under the Existing Share Option Scheme had been refreshed in 2009, 2010, 2011 and 2012. As at the Latest Practicable Date, (i) the Company had granted a total of 956,222,260 options to subscribe for a total of 956,222,260 Shares under the Existing Share Option Scheme, and (ii) the total number of Shares in respect of which options had been granted and remained outstanding under the Existing Share Option Scheme was 334,862,260 (representing approximately 4.52% of all the Shares in issue as at the Latest Practicable Date).

LETTER FROM THE BOARD

Upon expiry of the Existing Share Option Scheme on 17 July 2018, no further options will be offered or granted thereunder, but the provisions of the Existing Share Option Scheme will remain in full force and effect in all other respects.

New Share Option Scheme

The Board now proposes the adoption of the New Share Option Scheme for approval by the Shareholders. The purpose of the New Share Option Scheme is to provide incentives and rewards to eligible participants for their contribution to the Group. The New Share Option Scheme will allow the Board to retain the flexibility to reward those eligible participants with options in lieu of cash, thus incentivising these eligible participants to contribute in a way that enhances the value of the Shares while preserving cash and liquidity for the Group.

Principal terms of the New Share Option Scheme

There is no material difference between the terms of the Existing Share Option Scheme and the New Share Option Scheme. A summary of the rules of the New Share Option Scheme is set out in Appendix II to this circular. A copy of the rules of the New Share Option Scheme is available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Room 1215, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong for a 14-day period immediately preceding the AGM. None of the Directors is appointed as trustees of the New Share Option Scheme or has a direct or indirect interest in the trustees of the New Share Option Scheme, if any. There is no trustee with respect to the New Share Option Scheme. Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Option, there is neither any performance target that need to be achieved by the grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. The Board confirms that all terms under the New Share Option Scheme comply with Chapter 17 of the Listing Rules.

Conditions of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon: (i) the passing of an ordinary resolution at the AGM approving the adoption of the New Share Option Scheme and authorising the Directors to grant Options to subscribe for Shares and to allot, issue and deal with Share pursuant to the exercise of any Option; and (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the new Shares which may be issued pursuant to the exercise of Options.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution approving the New Share Option Scheme.

Share Option Scheme mandate limit

As at the Latest Practicable Date, there were 7,405,452,600 Shares in issue. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Adoption Date, the maximum number of Shares that may be allotted and issued upon exercise of all Options and options to be granted under any other share option schemes of the Company will be 740,545,260 Existing Shares (upon completion of the Capital Reorganisation, the number of Shares will be 74,054,526 New Shares), representing 10% of the Shares in issue as at the Adoption Date.

On the basis of 7,405,452,600 Shares in issue as at the Latest Practicable Date, the 30% scheme limit under Rule 17.03(3) of the Listing Rules allows there to be outstanding options granted and yet to be exercised under the Existing Share Option Scheme and any other share option schemes of the Company amounting to 2,221,635,780 Shares. Accordingly, assuming that none of the outstanding options under the Existing Share Option Scheme to subscribe for 334,862,260 Shares (representing approximately 4.52 % of the all the Shares in issued as at the Latest Practicable Date) is exercised, even if the scheme mandate limit under the New Share Option (being Options to subscribe for up to 740,545,260 Shares) is to be utilised in full in granting Options, the total number of Shares that will be subject to all such options will be within the 30% scheme limit.

As at the Latest Practicable Date, the Company had no immediate plan to grant Options upon the approval of the adoption of the New Share Option Scheme.

Value of Options

The Directors consider it inappropriate to value all the Options that can be granted under the New Share Option Scheme on the assumption that they were granted on the Latest Practicable Date as a number of factors crucial for the valuation cannot be determined. Such factors include the exercise period and the conditions, such as performance targets, if any, that an Option to which is subject. Accordingly, any valuation of the Options based on a large number of speculative assumptions would not be meaningful but would be misleading to the Shareholders.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The AGM is scheduled to be held on Tuesday, 28 August 2018. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 23 August 2018 to Tuesday, 28 August 2018, both days inclusive. In order to be eligible to attend and vote at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 August 2018.

AGM

The notice convening the AGM to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong, on Tuesday, 28 August 2018 at 10:00 a.m. is set out on pages 33 to 38 of this circular. A form of proxy for use at the AGM is enclosed.

Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy, in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

VOTING BY POLL AT THE AGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the AGM will be taken by way of poll.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors, none of the Shareholders is required to abstain from voting on any of the resolutions to be proposed at the AGM under the Listing Rules.

After the conclusion of the AGM, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <http://www.anxianyuanchina.com>.

RECOMMENDATION

The Directors believe that the granting of the Issue Mandate, the Repurchase Mandate, the Extension Mandate, the re-election of the retiring Directors and the adoption of the New Share Option Scheme are in the best interests of the Company as well as the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant resolutions relating to aforesaid matters to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
Anxian Yuan China Holdings Limited
Shi Hua
Chairman

The following explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules to be given to all Shareholders relating to the resolution to be proposed at the AGM authorizing the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there was a total of 7,405,452,600 Shares in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 740,545,260 Shares.

On 25 June 2018, the Company proposed the Capital Reorganisation which would involve the Share Consolidation, the Capital Reduction and the Share Sub-division. Upon completion of the Capital Reorganisation, the number of Shares subject to the Repurchase Mandate will be 74,054,526 New Shares. For further details, please refer to the announcement of the Company dated 25 June 2018 in connection with the Capital Reorganisation.

3. REASONS OF THE REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchase may, depending on 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 repurchase will benefit the Company and the Shareholders as a whole.

4. SOURCE OF FUNDS

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Bye-laws, the laws of Bermuda and/or any other applicable laws. A listed company shall not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

The laws of Bermuda provide that the amount of capital paid in connection with a share repurchase by a company may only be paid out of either the capital paid up on the relevant shares, or the funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of funds of the company which would otherwise be available for dividend or distribution or out of the share premium account of the company before the shares are repurchased.

5. IMPACT OF THE REPURCHASE

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2018, being the date of its latest published audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

6. THE DIRECTORS, THEIR CLOSE ASSOCIATES AND THE CORE CONNECTED PERSON OF THE COMPANY

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their Close Associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders at the AGM.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has present intention to sell any Shares to the Company or its subsidiaries nor has any such core connected person undertaken not to do so in the event that the Repurchase Mandate is granted.

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of Bermuda.

8. EFFECT ON TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following entities/persons were directly or indirectly interested in 5% or more of the issued Shares:

Name of Shareholders	Number of Shares in which interested	Capacity in which Shares are held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full	Notes
Master Point Overseas Limited	1,800,000,000	Beneficial owner	24.31%	27.01%	1
Mr. Shi Hua	221,780,000	Beneficial owner	2.99%	3.33%	
	1,800,000,000	Interest of controlled corporation	24.31%	27.01%	1
Yan Zulin	446,440,000	Beneficial owner	6.03%	6.70%	
Huang Weichun	400,000,000	Beneficial owner	5.40%	6.00%	

Notes:

1. Master Point Overseas Limited 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. Mr. Shi Hua therefore deemed to be interested in 1,800,000,000 Shares held by Master Point Overseas Limited.

Assuming that no further Shares are issued between the Latest Practicable Date and the date of a repurchase under the Repurchase Mandate, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the interest of the above Shareholders would be increased to approximately the percentage shown in the last column above and such increase would give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

In this regard, as at the Latest Practicable Date, the Directors are not aware of the consequences of such increases or as a result of repurchase of Shares that would result in any of the aforesaid Shareholders or any Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under the Takeovers Code. However, the Listing Rules prohibit a company from making repurchase of Shares on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the number of the issued Shares would be in public hands. Therefore, the Directors have no present intention to repurchase any Shares to the extent that it will trigger the obligations under the Takeovers Code to make a mandatory offer or which will result in the amount of Shares held by the public being reduced to less than 25% of the Shares in the total issued shares of the Company.

9. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

10. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:

Month	Per share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
July 2017	0.065	0.051
August 2017	0.120	0.056
September 2017	0.126	0.098
October 2017	0.139	0.100
November 2017	0.135	0.097
December 2017	0.113	0.097
2018		
January 2018	0.104	0.075
February 2018	0.084	0.062
March 2018	0.073	0.058
April 2018	0.072	0.048
May 2018	0.064	0.048
June 2018	0.070	0.043
July 2018 (up to the Latest Practicable Date)	0.069	0.050

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved and adopted at the AGM.

For the purpose of this Appendix, unless the context otherwise requires:

“Board”	means the board of Directors from time to time or a duly authorised committee thereof;
“Eligible Person”	means any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive director and independent non-executive director, adviser, consultant of the Company or any the subsidiaries;
“Further Grant”	has the meaning ascribed to it in sub-paragraph (d) below;
“Offer Date”	means the date on which an Option is offered to an Eligible Person;
“Option”	means an option to subscribe for Shares granted pursuant to the New Share Option Scheme;
“Option Period”	means in respect of any particular Option, the period to be determined and notified by the Board to each Participant;
“Other Schemes”	means any other share option schemes adopted by the Group from time to time pursuant to which options to subscribe for Shares may be granted;
“Participant”	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;
“Scheme Mandate Limit”	has the meaning ascribed to it in sub-paragraph (f) below;
“Shareholders”	means shareholders of the Company from time to time;

“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company, whether incorporated in Hong Kong or elsewhere; and
“Trading Day”	means a day on which trading of Shares take place on the Stock Exchange.

(a) Purpose of the New Share Option Scheme

The New Share Option Scheme enables the Company to grant Options to the Eligible Persons as incentives or rewards for their contributions to the Group.

(b) Who may join

The Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (e) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 28 days from the date on which the Option is granted.

(c) Grant of Option

The Company may not grant any Option after inside information has come to its knowledge until it has announced the information. In particular, the Company may not grant any Option during the period commencing one month immediately before the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and
- (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. The Board may not grant any Option to an Eligible Person who is a Director during the periods or times in which directors of the listed issuer are prohibited from dealing in shares pursuant to Appendix 10 to the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(d) Maximum number of options to any one individual

The total number of Shares issued and to be issued upon exercise of the options granted to a Participant under the New Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time. Where any further grant of Options to a Participant (the “**Further Grant**”) would result in the Shares issued and to be issued upon exercise of all options granted and to be granted under the New Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time, the Further Grant must be separately approved by the Shareholders in general meeting with such Participant and his close associates (as defined in the Listing Rules) (or his associates (as defined in the Listing Rules) if the Participant is a connected person) abstaining from voting.

In relation to the Further Grant, the Company must send a circular to the Shareholders and the circular must disclose the identity of the relevant Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options to be granted to such Participant must be fixed before Shareholders’ approval and the date of meeting of the board meeting for proposing the Further Grant should be taken as the Offer Date for the purpose of calculating the exercise price.

(e) Price of Shares

The exercise price for the Shares subject to Options will be a price determined by the Board and notified to each Participant and must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a Trading Day; and (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options.

(f) Maximum number of Shares

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the New Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”). Option lapsed in accordance with the terms of the New Shares Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 7,405,452,600 Shares in issue on the date of approval of the New Share Option Scheme, the Scheme Mandate Limit will be equivalent to 74,054,526 Shares, representing 10% of the Shares in issue as at the date of approval of the New Share Option Scheme.
- (ii) Subject to the approval of Shareholders in general meeting, the Company may “refresh” the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and Other Schemes under the Scheme Mandate Limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of such Shareholders’ approval. Options previously granted under the New Share Option Scheme and Other Schemes (including those outstanding, cancelled, lapsed in accordance with the terms thereof or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”. In relation to the Shareholders’ approval referred to in this paragraph (ii), the Company must send a circular to the Shareholders containing the information required by the Listing Rules.
- (iii) Subject to the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by the Company before such Shareholders’ approval is sought. In relation to the Shareholders’ approval referred to in this sub-paragraph (iii), the Company must send a circular to its Shareholders containing a generic description of the specified Eligible Persons who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Persons with an explanation as to how the terms of the Options serve such purpose and such other information required by the Listing Rules.
- (iv) Notwithstanding the foregoing, the Company may not grant any Option if the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

(g) Time of exercise of Option and performance target

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Board to each Participant provided that the period within which the Option must be exercised shall not be more than ten years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

(h) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Participant shall entitle the Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on the Company.

(i) Rights on death, retirement and cessation of employment

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

In the event that a Participant retires in accordance with his or her contract of employment or upon expiration of his or her contract of employment or term of directorship before exercising his or her Options in full, such Options will lapse on the date he or she retires or the date of expiration of his or her contract of employment or term of directorship.

(j) Changes in capital structure

In the event of any alteration in the capital structure of the Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to the Options so far as unexercised, and/or the exercise price, and/or the method of the Options, and/or the maximum number of Shares subject to the New Share Option Scheme.

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by a Participant on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, unless with the prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial adviser of the Company or the auditors of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(k) Rights on take-over

If a general offer has been made to all the Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “acting in concert” shall have the meaning ascribed to it under the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong as amended from time to time.

(l) Rights on a compromise or arrangement

If an application is made to the court (otherwise than where the Company is being voluntarily wound up) in connection with a proposed compromise or arrangement between the Company and the creditors (or any class of them) or between the Company and the Shareholders (or any class of them), a Participant may by notice in writing to the Company, within a period of 21 days after the date of such application, exercise his or her outstanding Option in full or any part thereof specified in such note. Upon the compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised. Notice of the application referred to herein and the effect thereof shall be given by the Company to all Participants as soon as practicable.

(m) Rights on winding-up

In the event of a notice being given by the Company to the Shareholders to convene a general meeting for the purpose of approving a resolution to voluntarily wind up the Company when the Company is solvent, the Company shall on the day of such notice to each Shareholder or as soon as practicable, give notice thereof to all Participants. Thereupon each Participant shall be entitled to exercise all or any of his or her outstanding Options at any time no later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Participant credited as fully paid.

(n) Lapse of Option

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board;
- (ii) subject to paragraphs (f) and (p), the expiry of the Option Period of the Option;
- (iii) the first anniversary of the death of the Participant;
- (iv) in the event that the Participant was an employee or director of any member of the Group on the date of grant of Option to him or her, the date on which such member of the Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of the Board or the board of directors of the relevant member of the Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;

- (v) in the event that the Participant was an employee or director of any member of the Group on the date of grant of Option to him or her, the date of the Participant ceasing to be an employee or director of such member of the Group by reason of:
 - (1) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this sub-paragraph, at a younger age;
 - (2) ill health or disability recognised as such expressly by the Board in writing for the purpose of this sub-paragraph;
 - (3) the company by which he or she is employed and/or of which he or she is a director (if not the Company) ceasing to be a subsidiary of the Company;
 - (4) expiry of his or her employment contract or vacation of his or her office with such member of the Group such contract or office is not immediately extended or renewed; or
 - (5) at the discretion of the Board, any reason other than death or the reasons described in sub-paragraph (iv) or (v) (1) to (4);
- (vi) the expiry of any period referred to in paragraphs (k) and (l) above, provided that in the case of paragraph (k), all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; and
- (vii) the date the Participant commits any breach of the provisions of paragraph (h).

(o) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to the Company's articles of association as amended from time to time and will rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date, of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue.

(p) Cancellation of Options granted

Any cancellation of Options granted in accordance with the New Share Option Scheme but not exercised must be approved by the grantee concerned in writing. In the event that the Board elects to cancel any Option and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(q) Period of New Share Option Scheme

The New Share Option Scheme will be valid and effective for a period of ten years commencing on the date of approval of the New Share Option Scheme, after which period no further Options may be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the New Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(r) Alteration to and termination of New Share Option Scheme

The New Share Option Scheme may be altered in any respect by resolution of the Board, except that (i) any alteration to the advantage of the Participants or the Eligible Persons (as the case may be) relating to matters contained in Chapter 17 of the Listing Rules; (ii) any alteration to the terms and conditions of the New Share Option Scheme which is of a material nature or any change to the terms of Options granted, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme; and (iii) any change to the authority of the directors or scheme administrators in relation to any alteration to the terms of the New Share Option Scheme, must first be approved by the Shareholders in general meeting (with the Eligible Persons, the Participants and their Associates abstaining from voting) provided that the amended terms of the New Share Option Scheme or Options granted must still comply with the requirements of Chapter 17 of the Listing Rules.

Any alterations to the terms and conditions of New Share Option Scheme, which are of a material nature shall first be approved by the Stock Exchange, except where such alterations take effect automatically under the existing terms of the New Share Option Scheme.

The Company may, by ordinary resolution in general meeting, at any time terminate the operation of the New Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the first new scheme to be established after such termination.

(s) Granting of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of all options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the New Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant: (i) representing in aggregate 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by the Shareholders. The Company must send a circular to the Shareholders which must contain the information required under the Listing Rules. The grantee, his associates and all core connected persons (as defined in the Listing Rules) of the Company must abstain from voting in favour at such general meeting.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a substantial Shareholder, an independent non-executive Director or their respective associates.

The circular must contain the following:

- (i) details of the number and terms (including the exercise price) of the Options to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price;

- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting;
- (iii) the information required under Rules 17.02(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) all other information as required by the Listing Rules (including Rule 2.17).

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the Listing Rules) set out in this paragraph (r) do not apply where the Eligible Person is only a proposed Director or chief executive.

(t) Conditions of New Share Option Scheme

The New Share Option Scheme is conditional on (i) the passing of a resolution to adopt the New Share Option Scheme by the Shareholders in general meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of Options.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options granted under the New Share Option Scheme.

(u) Administration of the New Share Option Scheme

The New Share Option Scheme will be administered by the Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

(v) Present status of the New Share Option Scheme

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the New Share Option Scheme.

(w) Disclosure in annual and interim reports

The Company will disclose all information in relation to the New Share Option Scheme in its annual and interim reports in accordance with the Listing Rules.

The details of the two Directors who will retire from offices by rotation at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

Mr. WANG HONGJIE, aged 64, a non-executive Director

Qualifications and experience

Mr. Wang Hongjie (“**Mr. Wang**”), aged 64, was appointed as a non-executive Director on 23 January 2014.

Mr. Wang is holding an on-job postgraduate qualification with the title of senior economist. Mr. Wang is currently the vice president of China Funeral Association and concurrently the director of its Funeral Service Working Committee. Mr. Wang has worked for Shanghai Civil System with over 20 years of experiences serving as a factory director, general manager and chairman. He served as the deputy general manager of Shanghai City Civil Affair Industrial Corporation (上海市民政工業總公司) and concurrently the general manager and secretary of the party committee of Shanghai Tianyang Electrical Appliances Industrial Company (上海天陽電器實業公司), and the deputy general manager of Shanghai Civil Affair (Group) Co., Ltd. (上海民政(集團)有限公司) and concurrently the chairman and general manager of Shanghai Sanzhi Auto Parts Industrial Co., Ltd. (上海三智汽配實業有限公司), all enabling him to be familiar with corporate operation and management. Mr. Wang joined Shanghai Funeral Service Centre (上海市殯葬服務中心) in 2003 and held the positions of deputy secretary and secretary of the party committee and the director of the Centre, and he had concurrently served as the vice chairman of Shanghai Huilongyuan (上海匯龍園) and the chairman of Shanghai Binhai Guyuan (上海濱海古園) for a long time among other positions. Mr. Wang served as the president of Shanghai Funeral and Interment Trade Association from March 2004 to December 2016, holding such position for nearly thirteen years. He was also the director of the Local Coordination Committees of China Funeral Association in 2007 and served as the vice president of China Funeral Association and concurrently as the director of the Funeral Service Working Committee in January 2012. He has over a decade of extensive experiences in the funeral business in mainland China and is well versed with the funeral market in the mainland.

Length of service and emolument

Mr. Wang has entered into a service contract with the Company for a term of one year which will continue thereafter until being terminated by either party giving not less than three-month prior notice and is subject to the retirement by rotation and re-election in accordance with the Bye-laws of the Company and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. Mr. Wang is entitled to an annual director's fee of HK\$120,000 which is recommended by the Remuneration Committee and approved by the Board with reference to his duties and responsibilities toward the Company, the Company's remuneration policy and the prevailing market conditions. For the year ended 31 March 2018, Mr. Wang received by way of remuneration approximately HK\$130,000 from the Company. The principal of his remuneration package include director's fee and discretionary management bonus.

Relationships

Save as aforesaid and as at the Latest Practicable Date, (a) Mr. Wang did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company, and (b) Mr. Wang did not hold any directorship in other listed public companies in the past three years and did not hold any other positions with the Company or other members of the Group.

Interest in Shares

Within the meaning of Part XV of the SFO and as at the Latest Practicable Date, Mr. Wang is interested in 43,000,000 shares options personally. Save as disclosed above, Mr. Wang does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO.

Matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is/was Mr. Wang involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Save for the above, there is no other matter that needs to be brought to the attention of the shareholders of the Company.

Mr. CHAN KOON YUNG, aged 59, an independent non-executive Director

Qualifications and experience

Mr. Chan Koon Yung (“**Mr. Chan**”), aged 59, was appointed as an independent non-executive Director on 24 June 2014.

Mr. Chan is currently a Practising Certified Public Accountant in Hong Kong. Mr. Chan obtained a Master degree of Business Administration from the University of Strathclyde in the United Kingdom in 1993. He is also an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He acted as the financial director of Greater China for Tupperware Brand Corporation and the general manager of Hong Kong operation for Herbalife Ltd., both of which are listed companies in the United States. He has many years of experience in management, audit, finance, taxation and accounting.

Length of service and emolument

Mr. Chan has entered into a service contract with the Company for a term of one year which will continue thereafter until being terminated by either party giving not less than three-month prior notice and is subject to the retirement by rotation and re-election in accordance with the Bye-laws of the Company and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. Mr. Chan is entitled to an annual director’s fee of HK\$120,000 which is recommended by the Remuneration Committee and approved by the Board with reference to his duties and responsibilities toward the Company, the Company’s remuneration policy and the prevailing market conditions. For the year ended 31 March 2018, Mr. Chan received by way of remuneration approximately HK\$130,000 from the Company. The principal of his remuneration package include director’s fee and discretionary management bonus.

Relationships

Save as aforesaid and as at the Latest Practicable Date, (a) Mr. Chan did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company, and (b) Mr. Chan did not hold any directorship in other listed public companies in the past three years and did not hold any other positions with the Company or other members of the Group.

Interest in Shares

Within the meaning of Part XV of the SFO and as at the Latest Practicable Date, Mr. Chan is interested in 5,000,000 shares options personally. Save as disclosed above, Mr. Chan does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO.

Matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is/was Mr. Chan involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. Save for the above, there is no other matter that needs to be brought to the attention of the shareholders of the Company.

NOTICE OF AGM



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Anxian Yuan China Holdings Limited (the “**Company**”) will be held at 2/F., 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 28 August 2018 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries (the “**Group**”) and the reports of the directors of the Company (the “**Directors**”) and independent auditors of the company for the year ended 31 March 2018.
2. (i) Each as a separate resolution, to re-elect the following Directors:
 - (a) Mr. Wang Hongjie as non-executive Director; and
 - (b) Mr. Chan Koon Yung as independent non-executive Director.(ii) To authorise the board of Directors to fix the Directors’ remuneration.
3. To re-appoint Ernst & Young as auditor of the Company for the ensuing year and to authorise the board of Directors to fix their remuneration.

* *For identification purposes only*

NOTICE OF AGM

4. To consider and, if thought fit, to pass the following resolutions with or without amendments as ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as defined below);
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed 20 per cent. of the aggregate number of the Company’s issued Shares on the date of the passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF AGM

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of 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 of Bermuda; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange).”

5. “**THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission (the “**SFC**”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Act 1981 of Bermuda and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

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- (b) the aggregate number of Shares which may be repurchased by the Company on the Stock Exchange or any other stock exchange recognised for this purpose by the SFC and the Stock Exchange under the Hong Kong Code in Share Repurchase pursuant to the approval in paragraph (a) during the Relevant Period (as defined below) shall not exceed 10 per cent. of the aggregate number of the Company's issued Shares as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
 - (c) for the purposes of this resolution, "**Relevant Period**" means the period from the date of 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 of Bermuda; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution."
6. "**THAT** subject to the ordinary resolutions nos. 4 and 5 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares pursuant to resolution no. 4 above be and is hereby extended by the addition thereon of an amount representing the aggregate number of Shares of the Company repurchased by the Company subsequent to the passing of this resolution, provided that such amount shall not exceed 10 per cent. of the aggregate number of issued Shares on the date of the passing of resolution no. 5."

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7. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the shares of the Company to be issued and allotted pursuant to the exercise of options granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the chairman thereof, the New Share Option Scheme be and is hereby approved and adopted and the Directors be and are hereby authorised to do all acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme.”
8. To transact any other business.

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

Hong Kong, 20 July 2018

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of

business in Hong Kong:
Room 1215, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the annual general meeting is enclosed. Such form of proxy is also published on the website of the Stock Exchange. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company’s Hong Kong Branch Share Registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish.

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3. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of Shares, any one of such holders may vote at the annual general meeting, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the annual general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. In relation to the ordinary resolutions nos. 4, 5 and 6 set out in the above notice, the Directors wish to state that they have no immediate plan to issue any new Shares or repurchase any existing Shares of the Company.