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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)**

### **CHANGE IN USE OF PROCEEDS FROM RIGHTS ISSUE**

References are made to Anixan Yuan China Holdings Limited's (the "**Company**") prospectus dated 8 July 2020 (the "**Prospectus**") and announcement dated 18 September 2020 (the "**Announcement**") in relation to, among others, use of proceeds of the Rights Issue. Unless otherwise stated, capitalized terms used herein have the same meanings as those defined in the Prospectus.

The net proceeds (the "**Net Proceeds**") raised from the Rights Issue was approximately HK\$131.5 million. As at the date of this announcement, there is an unutilized net proceeds of approximately HK\$81.5 million (the "**Unutilized Proceeds**") which was originally assigned for potential strategic investment opportunities for the purpose of increasing the cemetery reserve of the Group and improving local customer sourcing network.

As disclosed in the Announcement and in the annual report of the Company for the year ended 31 March 2021, the Company had been studying and in discussion on certain potential strategic investment opportunities. After further assessment of the said investment opportunities taking into account, inter alia, the level of risks and the length of investment return period, the Board has decided not to pursue further the investment opportunities.

\* For identification purposes only

In light of the current market conditions, the Board has resolved that it would be in the best interest of the Company and the shareholders of the Company (the “Shareholders”) to reallocate the Unutilized Proceeds to (i) the repayment of existing debts and payables, which will allow the Group to lower its gearing ratio, reduce its interest expenses and financing costs and to achieve greater flexibility on the allocation of the Group’s internal resources for the daily operation of the Group; and (ii) as general working capital to meet the Group’s business development and allow the Group to deploy its financial resources to cope with the economic uncertainties in the future, with details as follows:

<b>Original intended use of Net Proceeds</b>	<b>Original allocation of Net Proceeds (%)</b>	<b>Unutilized Proceeds</b>	<b>Reallocation of Unutilized Proceeds</b>	<b>Expected timeline for utilization (Note)</b>
Potential opportunity (ies) in strategic investment	HK\$81,490,000 (62%)	HK\$81,490,000	–	–
Repayment of existing debts and payables	HK\$28,891,000 (22%)	–	HK\$60,000,000	By 30 April 2023
General working capital	HK\$21,120,000 (16%)	–	HK\$21,490,000	By 28 February 2022
	<b>HK\$131,501,000</b>	<b>HK\$81,490,000</b>	<b>HK\$81,490,000</b>	

*Note: The expected timeline for using the Unutilized Proceeds is based on the best estimation of the present and future business market situations made by the Board, and it will be subject to changes based on the future development of market conditions.*

The Board is of the view that the re-allocation of the Unutilized Proceeds as set out in this announcement represents a more efficient utilization of the Unutilized Proceeds and will be favourable to the Group’s long-term business development. The Board confirms that there is no material change in the business nature of the Group, and considers that the proposed change in the use of the Unutilized Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its Shareholders as a whole. The Board will continuously assess the plans for use of the Unutilized Proceeds, and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance of the Group.

By Order of the Board  
**ANXIAN YUAN CHINA HOLDINGS LIMITED**  
**Shi Hua**  
*Chairman and Executive Director*

Hong Kong, 26 November 2021

*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 Ms. Hung Wan Fong, Joanne.*