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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)

ANNOUNCEMENT PURSUANT TO RULES 13.51B(2) AND 13.51(2) OF THE LISTING RULES

This announcement is made by Anxian Yuan China Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.51B(2) and 13.51(2) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company had been informed by Mr. Law Fei Shing (“**Mr. Law**”) (an executive Director and the deputy chief executive officer of the Company) that the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) published a press release on 20 January 2022 concluding that he failed or neglected to observe, maintain or otherwise apply professional standards as issued by the HKICPA over 10 years ago for deficiencies found in the audits on the financial statements of a private company (which is unrelated to the Group) for the two years ended 31 March 2010 and 2011 (the “**Incident**”), in particular, the Hong Kong Standard on Auditing (“**HKSA**”) 250 Consideration of Laws and Regulations in an Audit of Financial Statements, HKSA 701 Modifications to the Independent Auditor’s Report, section 270 Custody of Client Assets of the Code of Ethics for Professional Accountants (“**Code of Ethics**”) and the fundamental principle of professional competence and due care in section 100 of the Code of Ethics.

* *For identification purposes only*

The HKICPA concluded that Mr. Law be reprimanded and further ordered (i) the cancellation of Mr. Law’s practising certificate, with no issuance of a practising certificate to him for 15 months, with effect from 14 January 2022; and (ii) Mr. Law to pay a penalty of HK\$160,000 and costs of the disciplinary proceedings of HK\$4,943,123 (which Mr. Law has to bear the HKICPA’s cost in full).

The Board (except for Mr. Law) has carefully and thoroughly considered and assessed the details as disclosed in the abovementioned press release, the decision given by the disciplinary committee of the HKICPA (the “**Decision**”) and the information provided by Mr. Law as to the further background of the Incident, the defences and mitigating factors made by Mr. Law to the HKICPA, and is of the view that Mr. Law is still suitable to act as an executive Director and the deputy chief executive officer of the Company for the following reasons:

- (1) there is no allegation or finding of fraud or dishonesty or concealment or the receipt of inappropriate benefits on the part of Mr. Law which would seriously affect his suitability as a Director;
- (2) the Board noted the Incident occurred more than 10 years ago which appeared to be an one-off incident without further recurring breaches, as Mr. Law had a clear record prior to the proceedings relating to the Incident and has not been made subject to any other or further complaint or disciplinary proceedings throughout his career;
- (3) notwithstanding the cancellation of Mr. Law’s practising certificate, Mr. Law still maintains his membership as a Certified Public Accountant (“**CPA**”) with the HKICPA. To remain as a member on the register of CPAs, the HKICPA must have been satisfied that Mr. Law is a fit and proper person to be a CPA;
- (4) Mr. Law has been exercising extra caution when performing his work as an audit partner of his CPA firm and his other commitments and consistently brings himself up-to-date with respect to the knowledge of the professional standards by regularly attending seminars and workshops and always complies with the continuing professional development requirements;
- (5) the Incident was unrelated to the business, operation or financial position of the Group and did not, and will not have any impact on the discharge of Mr Law’s duties as an executive Director and the deputy chief executive officer of the Company;

- (6) Mr. Law has been holding directorships in listed companies for many years since 2004 and there have been no material negative directorship performance records nor any previous breaches found against him, with the order being the first disciplinary action imposed on him; and
- (7) apart from being familiar with the Group's operations, Mr. Law's positive contributions to the Company and record of performance in that role throughout his tenure as an executive Director since 2009 and the deputy chief executive officer of the Company since 2014 as well as his background, expertise, skills and experience will continue to provide valuable insight and benefit to the Board and the Group.

Mr. Law has confirmed to the Company that, save as disclosed in this announcement, there is no other information relating to him that is required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and that he is not aware of any other matters that need to be brought to the attention of the shareholders of the Company.

In light of the reasons above, the Board (excluding Mr. Law) is of the view that the Incident did not undermine the Board's confidence in Mr. Law's continuous contributions to the Group, Mr. Law is able to continue to fulfil his duties as an executive Director, and the above Incident has not had and will not have any impact on the daily operations of the Company nor impair Mr. Law's suitability to act as an executive Director and the deputy chief executive officer of the Company.

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

Hong Kong, 24 January 2022

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 Directors, 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.