

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

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

Reference is made to the announcement of Anxian Yuan China Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 24 January 2022 (the “**Announcement**”) made pursuant to Rules 13.51B(2) and 13.51(2) of the Listing Rules. Unless otherwise stated, capitalised terms used in this announcement have the same meanings as defined in the Announcement.

FURTHER BACKGROUND

The Board wishes to provide further information relating to the Decision made by the disciplinary committee of the HKICPA (the “**Committee**”) in which the Committee found deficiencies in the audits conducted by a firm which Mr. Law was the sole proprietor of at that material time (the “**CPA Firm**”), over the financial statements for the two years ended 31 March 2010 and 2011 of a private company (the “**Private Company**”) and in how Mr. Law conducted his professional relationship with the Private Company. As set out in the Decision, the Committee found that Mr. Law had failed to:

- (1) obtain sufficient evidence to justify his concurrence with the Private Company’s adoption of the exemptions under section 141D of the then Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the financial reporting standard for small and medium-sized entities as a basis of financial statement preparation, when the Private Company’s holding of a subsidiary at the time would have disqualified it from the exemptions;

* *For identification purposes only*

- (2) qualify his auditor's opinion for a limitation of audit scope over provision for impairment loss on an investment;
- (3) obtain sufficient appropriate evidence to support his acceptance of the Private Company's breach of statutory disclosure requirements applicable to a charge over the Private Company's assets that was made to secure banking facilities granted to a director-controlled entity;
- (4) segregate funds transferred to him by a shareholder (who was also a director) of the Private Company, and make adequate enquiries to ensure the transfer complied with relevant laws and regulations; and
- (5) maintain professional knowledge and skill at the level required to ensure the Private Company received competent professional service.

After considering the information available, the HKICPA referred the matter to the disciplinary panels to constitute the Committee in 2014. In the course of the disciplinary proceedings, Mr. Law applied for judicial review twice. The proceedings were held over for some five years until the judicial reviews were completed and dismissed by the court in 2019.

ASSESSMENT OF THE BOARD

As disclosed in the Announcement, the Board (except for Mr. Law) has carefully and thoroughly considered and assessed the details revolving around the Decision, the information provided by Mr. Law as to the further background of the Incident, and 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 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.

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, 27 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.