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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)

**PLACING OF EXISTING SHARES
AND
TOP-UP SUBSCRIPTION OF
NEW SHARES UNDER GENERAL MANDATE**

Placing Agent



Supreme China Securities Limited
智華證券有限公司

PLACING AND SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 24 November 2017 (after trading hours), the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which, (a) the Vendor has agreed to appoint the Placing Agent; (b) the Vendor has agreed to dispose of the Placing Shares at the Placing Price and the Placing Agent has agreed to procure not less than six (6) Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for the Placing Shares on a best effort basis; and (c) the Vendor has agreed to subscribe for, and the Company has agreed to allot and issue to the Vendor, the Subscription Shares at the Subscription Price (being the same as the Placing Price), in each case upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

* For identification purposes only

The number of the Placing Shares represents: (a) approximately 7.95% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 7.37% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the allotment and issue by the Company of the Subscription Shares).

The Placing Price represents:

- (i) a discount of approximately 14.53% to the closing price of HK\$0.117 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 12.28% to the average closing price of approximately HK\$0.114 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the Last Trading Date; and
- (iii) a discount of approximately 10.71% to the average closing price of approximately HK\$0.112 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to and including the Last Trading Date.

The gross proceeds from the Subscription are expected to be approximately HK\$46,000,000 and the net proceeds (after deducting all fees, costs and expenses properly incurred by the Vendor (including the Placing Agents' commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) will be approximately HK\$44,900,000. The net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$0.0977 per Subscription Share. The Company intends to apply the net proceeds from the Placing in the manner detailed in the paragraph headed "Reasons for the Placing and the Subscription and use of proceeds" of this announcement.

The Placing is not subject to Shareholders' approval as the Subscription Shares will be allotted and issued under the General Mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Subscription is subject to satisfaction of the conditions under the Placing and Subscription Agreement. As the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

24 November 2017 (after trading hours)

Parties

- (i) the Vendor;
- (ii) the Company; and
- (iii) the Placing Agent.

The Vendor

As at the date of this announcement, the Vendor holds an aggregate of 1,150,000,000 Shares, including the Placing Shares, representing approximately 19.88% of the total number of Shares in issue as at the date of this announcement.

The Placing Agent

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent and its respective associates do not hold any Share as at the date of this announcement.

The Placing Agent will receive a fee equivalent to 2.0% of the aggregate gross proceeds from the actual number of Placing Shares placed by the Placing Agent at the Placing Price, which was arrived at after arm's length negotiations between the Company and the Placing Agent.

Details of the Placing and the Subscription are set out below.

THE PLACING

The Placing and the number of the Placing Shares

The Vendor has agreed to dispose of the Placing Shares at the Placing Price and the Placing Agent has agreed to procure not less than six (6) Placees for the Placing Shares on a best effort basis. The Vendor has agreed to appoint the Placing Agent upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The number of the Placing Shares represents: (a) approximately 7.95% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 7.37% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the allotment and issue by the Company of the Subscription Shares).

Placees

It is expected that the Placing Shares will be placed to not less than six (6) Placees who shall be professional, institutional or other investors who and whose ultimate beneficial owners are Independent Third Parties.

None of the Vendor and the Company shall be involved in screening or selecting any of the Placees unless such involvement is strictly limited to due diligence enquiries by the Placing Agent regarding the independence of the Placees. The choice of Placees for the Placing Shares shall be determined solely by the Placing Agent, subject to the requirements of the Listing Rules and the Takeovers Code.

Immediately after completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company.

Placing Price

The Placing Price represents:

- (a) a discount of approximately 14.53% to the closing price of HK\$0.117 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 12.28% to the average closing price of approximately HK\$0.114 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Date; and
- (c) a discount of approximately 10.71% to the average closing price of approximately HK\$0.112 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, the Vendor and the Placing Agent. The Directors consider that the Placing Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion of the Placing

The Placing is unconditional. The Placing Agent, however, has the right to terminate the Placing and Subscription Agreement as described in the paragraph headed "Termination of the Placing and Subscription Agreement" of this announcement. Completion of the Placing is expected to take place at the office of the Placing Agent before 6:00 p.m. on the Placing Completion Date.

THE SUBSCRIPTION

Subscription Shares

The Vendor has agreed to subscribe for, and the Company has agreed to allot and issue, the Subscription Shares at the Subscription Price pursuant to the terms and conditions of the Placing and Subscription Agreement, free from all liens, charges, security interests, encumbrances and adverse claims, subject to the terms and conditions of the Placing and Subscription Agreement.

The number of the Subscription Shares represents: (a) approximately 7.95% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 7.37% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the allotment and issue by the Company of the Subscription Shares).

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2017 AGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the 2017 AGM, i.e. 22 September 2017. Under the General Mandate, the Company is authorised to issue up to 1,086,890,520 new Shares. As at the date of this announcement, no securities of the Company have been allotted and issued under the General Mandate and as such, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval.

Subscription Price

The Subscription Price is the same as the Placing Price.

The aggregate nominal value of the Subscription Shares is HK\$46,000,000.

Conditions of the Subscription

Completion of the Subscription is conditional upon the satisfaction of the following conditions:

- (a) the completion of the Placing having occurred pursuant to the terms and conditions of the Placing and Subscription Agreement; and
- (b) the Listing Committee of the Stock Exchange having granted an approval for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

The Placing and Subscription Agreement has not provided for the right of the parties to waive the above conditions. If any of the conditions is not satisfied within 14 days from the date of the Placing and Subscription Agreement (or such other date as the parties hereto may agree in writing), all rights, obligations and liabilities of the Vendor and the Company in relation to the Subscription shall cease and determine and none of the Vendor and the Company shall have any claim against any other in respect of the Subscription save for the rights and remedies accrued prior to such termination.

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription will take place at the office of the Placing Agent at 6:00 p.m. on the next Business Day following the satisfaction of all the conditions of the Subscription, and in any event be no later than 14 days from the date of the Placing and Subscription Agreement.

TERMINATION OF THE PLACING AND SUBSCRIPTION AGREEMENT

The Placing Agent may, in its reasonable opinion, terminate the Placing and Subscription Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Placing Completion Date if:

- (a) there is any significant change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing;
- (b) there is any material breach of the warranties, representations and undertakings given by the Company and/or the Vendor in the Placing and Subscription Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing;

- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (d) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Board is not aware of the occurrence of any of the above events as at the date of this announcement.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the business of development and operation of cemeteries and the provision of funeral services and funeral supplies in the PRC.

The gross proceeds from the Subscription are expected to be approximately HK\$46,000,000. The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Vendor (including the Placing Agents' commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) are expected to be approximately HK\$44,900,000. The net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$0.0977 per Subscription Share.

The Company intends to use the net proceeds from the Subscription for the following purposes:

- (a) as to approximately 54%, representing approximately HK\$24 million, will be used for repayment of existing debts and payables with an intention to improve the Group's financial position, gearing and liquidity; and
- (b) as to approximately 46%, representing approximately HK\$21 million, will be used for general working capital of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position, gearing and liquidity and to broaden the shareholder base and capital base of the Group to facilitate future development and can also increase the liquidity of the Shares. The Directors are of the view that the terms of the Placing and Subscription Agreement (including the Placing Agents' commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising exercises in the past twelves months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that the maximum number of the Placing Shares, being 460,000,000 Shares, are placed under the Placing and Subscription Agreement and that there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares, the shareholdings in the Company (a) as at the date of this announcement; (b) immediately after the completion of the Placing but before the completion of the Subscription; and (c) immediately after the completions of the Placing and the Subscription are and will be as follows:

	As at the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Shi Hua	221,780,000	3.83	221,780,000	3.83	221,780,000	3.55
Vendor (Note 1)	1,150,000,000	19.88	690,000,000	11.93	1,150,000,000	18.42
Yan Zulin	363,880,000	6.29	363,880,000	6.29	363,880,000	5.83
Qi Xing Gang	300,000,000	5.19	300,000,000	5.19	300,000,000	4.80
The Placee(s)	-	-	460,000,000	7.95	460,000,000	7.37
Other public Shareholders (Note 2)	<u>3,748,792,600</u>	<u>64.81</u>	<u>3,748,792,600</u>	<u>64.81</u>	<u>3,748,792,600</u>	<u>60.03</u>
Total:	<u>5,784,452,600</u>	<u>100.00</u>	<u>5,784,452,600</u>	<u>100.00</u>	<u>6,244,452,600</u>	<u>100.00</u>

Notes:

1. The Vendor is wholly-owned by Mr. Shi Hua, the chairman of the Board and an executive Director.
2. It is assumed that there would be no other issue of new Shares and no repurchase of existing Shares before completion of the Subscription, and the maximum number of the Placing Shares, being 460,000,000 Shares, have been placed to the Placee(s). It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the completion of the Subscription.
3. The percentages are subject to rounding error.

GENERAL

The Placing is not subject to Shareholders' approval as the Subscription Shares will be allotted and issued under the General Mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Subscription is subject to satisfaction of the conditions under the Placing and Subscription Agreement. As the Subscription may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“2017 AGM”	the annual general meeting of the Company held on 22 September 2017 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Anxian Yuan China Holdings Limited (安賢園中國控股有限公司), a company incorporated in Bermuda with limited liability and the issued Shares are listed on the main board of the Stock Exchange (stock code: 0922)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the 2017 AGM to allot, issue and deal with new shares of the Company not exceeding 20% of the existing issued share capital of the Company as at the date of the 2017 AGM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	persons who (and whose ultimate beneficial owners) are independent of, and not acting in concert with the Vendor, the Company, any of the associates or connected persons of the Vendor, the Company, or any of the parties acting in concert with any of the foregoing
“Last Trading Date”	24 November 2017, being the last trading day prior to the signing of the Placing and Subscription Agreement, which took place after trading hours
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	professional, institutional and other investor(s) procured by or on behalf of the Placing Agent pursuant to the terms and conditions of the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the terms and conditions of the Placing and Subscription Agreement
“Placing Agent”	Supreme China Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the placing and subscription agreement entered into among the Company, the Vendor and the Placing Agents dated 24 November 2017 in respect of the Placing and the Subscription
“Placing Completion Date”	the actual completion date of the Placing on the terms and subject to the conditions set out in the Placing and Subscription Agreement, and in any event no later than three Business Days from the date of the Placing and Subscription Agreement
“Placing Price”	HK\$0.10 per Placing Share

“Placing Share(s)”	up to 460,000,000 Shares beneficially owned by the Vendor to be placed by the Placing Agent pursuant to the terms and conditions of the Placing and Subscription Agreement
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the allotment and issue of the Subscription Shares by the Company and the subscription for the Subscription Shares by the Vendor pursuant to the terms and conditions of the Placing and Subscription Agreement
“Subscription Price”	the price per Subscription Share payable by the Vendor, which price shall be the same as the Placing Price (being HK\$0.10 per Subscription Share)
“Subscription Shares”	new Shares to be subscribed by the Vendor, being identical to the number of the Placing Shares actually placed by the Placing Agent on behalf of the Vendor pursuant to the terms and conditions of the Placing and Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“Vendor”	Master Point Overseas Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a substantial Shareholder of the Company
“%”	per cent

By order of the Board
Anxian Yuan China Holdings Limited
Mr. Shi Hua
Chairman

Hong Kong, 24 November 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Shi Hua, Mr. Shi Jun, Mr. Law Fei Shing and Ms. Shen Mingzhen; 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.