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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)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

The Board of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2019 together with the comparative figures as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 September 2019*

		<b>Unaudited Six months ended 30 September</b>	
	<i>Notes</i>	<b>2019 HK\$'000</b>	<b>2018 HK\$'000</b>
<b>REVENUE</b>	4	<b>98,315</b>	97,904
Cost of sales		<u>(32,075)</u>	<u>(29,017)</u>
<b>Gross profit</b>		<b>66,240</b>	68,887
Other income and gains	4	<b>1,328</b>	522
Selling and distribution expenses		<b>(11,134)</b>	(9,049)
Administrative expenses		<b>(40,453)</b>	(41,362)
Finance costs	6	<b>(2,323)</b>	(4,669)
Share of profits of an associate		<u>–</u>	<u>63</u>
<b>PROFIT BEFORE INCOME TAX</b>	5	<b>13,658</b>	14,392
Income tax expense	7	<b>(7,242)</b>	(5,108)
<b>PROFIT FOR THE PERIOD</b>		<b><u>6,416</u></b>	<b><u>9,284</u></b>

\* *For identification purposes only*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2019</b>	2018
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit/(Loss) for the period attributable to:			
Owners of the Company		<b>6,726</b>	9,180
Non-controlling interests		<b>(310)</b>	104
		<u><b>6,416</b></u>	<u>9,284</u>
 <b>EARNINGS PER SHARE FOR PROFIT</b>			
<b>ATTRIBUTABLE TO OWNERS OF THE</b>			
<b>COMPANY FOR THE PERIOD</b>			
Basic ( <i>HK cents</i> )	<i>8</i>	<u><b>0.91</b></u>	<u>1.24</u>
Diluted ( <i>HK cents</i> )	<i>8</i>	<u><b>0.91</b></u>	<u>1.24</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Unaudited	
	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>6,416</b>	<b>9,284</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements of foreign operations	<u>(34,335)</u>	<u>(65,599)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>(34,335)</u></b>	<b><u>(65,599)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>(27,919)</u></b>	<b><u>(56,315)</u></b>
Total comprehensive income for the period attributable to:		
Owners of the Company	<u>(25,295)</u>	<u>(51,815)</u>
Non-controlling interests	<u>(2,624)</u>	<u>(4,500)</u>
	<b><u>(27,919)</u></b>	<b><u>(56,315)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2019*

	<i>Notes</i>	<b>Unaudited 30 September 2019 HK\$'000</b>	Audited 31 March 2019 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>9</i>	<b>104,103</b>	114,454
Right-of-use assets	<i>9</i>	<b>2,213</b>	–
Intangible assets	<i>9</i>	<b>427,610</b>	451,028
Goodwill		<b>12,390</b>	13,029
Equity investments		<b>2,217</b>	2,332
Cemetery assets	<i>10</i>	<b>217,961</b>	232,830
		<hr/>	<hr/>
Total non-current assets		<b>766,494</b>	813,673
<b>CURRENT ASSETS</b>			
Inventories		<b>257,179</b>	245,670
Trade receivables	<i>11</i>	<b>1,011</b>	912
Prepayments, deposits and other receivables		<b>1,319</b>	3,456
Cash and cash equivalents		<b>49,190</b>	34,999
		<hr/>	<hr/>
Total current assets		<b>308,699</b>	285,037
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>37,949</b>	33,953
Other payables and accruals		<b>6,455</b>	7,515
Contract liabilities		<b>63,787</b>	23,684
Lease liabilities		<b>1,258</b>	–
Interest-bearing bank and other borrowings		<b>54,323</b>	74,941
Amount due to non-controlling shareholders		<b>–</b>	2,827
Tax payables		<b>17,922</b>	21,429
		<hr/>	<hr/>
Total current liabilities		<b>181,694</b>	164,349
<b>NET CURRENT ASSETS</b>		<hr/> <b>127,005</b>	<hr/> 120,688
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>893,499</b>	<hr/> 934,361

	<b>Unaudited</b> <b>30 September</b> <b>2019</b> <i>HK\$'000</i>	Audited 31 March 2019 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>136,761</b>	137,341
Contract liabilities	<b>18,190</b>	17,250
Lease liabilities	<b>550</b>	–
Deferred tax liabilities	<b>115,285</b>	121,678
	<hr/>	<hr/>
Total non-current liabilities	<b>270,786</b>	276,269
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>622,713</b>	658,092
	<hr/>	<hr/>
<b>EQUITY</b>		
Share capital	<b>74,055</b>	74,055
Reserves	<b>512,789</b>	536,911
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>586,844</b>	610,966
	<hr/>	<hr/>
Non-controlling interests	<b>35,869</b>	47,126
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>622,713</b>	658,092
	<hr/>	<hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2019*

## 1. CORPORATE AND GROUP INFORMATION

Anxian Yuan China Holdings Limited is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's principal place of business in Hong Kong is Room 1215, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong. During the Period, the Group principally engaged in the cemetery business in the PRC.

### 2.1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of the Listing Rules.

These financial statements have been prepared under the historical cost convention, except for equity investments which were stated at fair value. They are presented in HK\$, which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2019.

### 2.2 NEW OR AMENDED HKFRSs ADOPTED BY THE GROUP

Except as described below, the accounting policies used in the unaudited condensed consolidated financial statements for the Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019. In the Period, the Group has applied for the first time the following new standards, amendments and interpretation issued by the HKICPA that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements.

The HKICPA has issued a number of new or amended HKFRSs that are first effective and relevant to the current accounting period of the Group:

- HKFRS 16, Leases
- HK(IFRIC) – Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 3, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015-2017 Cycle

Except for the adoption of HKFRS 16, the adoption of the new or amended HKFRSs have no material effect on these unaudited condensed consolidated financial statements for the Period. The Group has not early adopted any new or amended HKFRSs that has been issued but not yet effective in the current accounting period.

## Adoption of HKFRS 16

### (i) *Impact of the adoption of HKFRS 16*

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases (“HKAS 17”), HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) – Int 15 Operating Leases – Incentives and HK(SIC) – Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee’s perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17.

The Group has applied HKFRS 16 using the simplified transition approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained profits at the date of initial application. The comparative information presented for the six months ended 30 September 2018 and for the year ended 31 March 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on the condensed consolidated statement of financial position as at 31 March 2019 to that as at 1 April 2019 as follows (increase/(decrease)):

	<i>HK\$’000</i>
<b>Condensed consolidated statement of financial position as at 1 April 2019</b>	
Right-of-use assets	<u>3,901</u>
Prepayments	<u>(757)</u>
Lease liabilities (non-current)	<u>1,232</u>
Lease liabilities (current)	<u>1,912</u>

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the condensed consolidated statement of financial position as at 1 April 2019:

	<i>HK\$’000</i>
<b>Reconciliation of operating lease commitment to lease liabilities</b>	
Operating lease commitment as at 31 March 2019	4,321
Less: Short-term leases for which lease terms end within 31 March 2020	(946)
Less: Future interest expenses	<u>(231)</u>
Total lease liabilities as at 1 April 2019	<u>3,144</u>

**(ii) The new definition of a lease**

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

**3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group has only one reportable operating segment which is the cemetery business. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

**Geographical information**

**(a) Disaggregated revenue from external customers**

	<b>Unaudited Six months ended 30 September</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The PRC	<b>98,315</b>	<b>97,904</b>

The revenue information above is based on the location of the customers.

**(b) Non-current assets**

	<b>Unaudited As at 30 September 2019</b>	<b>Audited As at 31 March 2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>2,592</b>	<b>1,566</b>
The PRC	<b>761,685</b>	<b>809,775</b>
	<b>764,277</b>	<b>811,341</b>

Non-current assets information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

**Information about major customers**

No revenue from a single customer accounted for 10% or more of the Group's revenue during the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).



#### 4. REVENUE, OTHER INCOME AND GAINS

##### Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products and services and timing of revenue recognition. The Group has only one reportable operating segment which is the cemetery business in the PRC, and the disaggregated geographic information of revenue has been set out in note 3(a) above.

	Unaudited	
	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
<b>Revenue by products and services</b>		
Sales of tombs and niches	88,586	86,901
Management fee income	1,861	1,475
Burial services	7,868	9,382
Sales of funeral supplies	–	146
	<u>98,315</u>	<u>97,904</u>
<b>Timing of revenue recognition</b>		
A point in time	88,586	87,047
Over time	9,729	10,857
	<u>98,315</u>	<u>97,904</u>
<b>Other income and gains</b>		
Gain on disposal of items of property, plant and equipment, net	103	95
Bank interest income	110	135
Bad debts recovery	–	118
Others	1,115	174
	<u>1,328</u>	<u>522</u>

## 5. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	Unaudited Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Cost of inventories sold	23,264	20,403
Cost of services provided	3,660	3,679
Employee benefit expense (excluding directors' and chief executive's remuneration):		
– Wages and salaries	17,293	16,837
Amortisation of intangible assets*	1,334	1,191
Amortisation of cemetery assets*	3,816	3,744
Auditors' remuneration	400	599
Depreciation		
– Property, plant and equipment	5,879	5,283
– Right-of-use assets#	1,174	–
– Investment properties	–	153
Foreign exchange differences, net	422	(399)
Minimum lease payments under operating leases	547	1,852

\* The amortisation of intangible assets and cemetery assets for the Period are included in “Cost of sales” in the condensed consolidated statement of profit or loss.

# The depreciation of right-of-use assets of HK\$789,000 and HK\$385,000 are included in “Selling and distribution expenses” and “Administrative expenses” respectively.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Interest on interest-bearing bank and other borrowings	6,052	10,746
Interest on lease liabilities	84	–
Total interest expenses for financial liabilities that are not at fair value through profit or loss	6,136	10,746
Less: Interest capitalised	(3,813)	(6,077)
	2,323	4,669

## 7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate.

Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in that jurisdiction (six months ended 30 September 2018: Nil).

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period (six months ended 30 September 2018: Nil).

Provision for the PRC current income tax is based on the statutory rate of 25% (six months ended 30 September 2018: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The major components of income tax expense are as follows:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax		
Income tax in the PRC for the Period	<b>8,255</b>	8,101
Deferred tax	<b>(1,013)</b>	(2,993)
Total income tax expenses for the Period	<b><u>7,242</u></b>	<u>5,108</u>

## 8. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the Period attributable to owners of the Company of HK\$6,726,000 (six months ended 30 September 2018: HK\$9,180,000), and the weighted average number of ordinary shares of 740,545,000 (six months ended 30 September 2018: 740,545,000) in issue during the Period.

For the six months ended 30 September 2019, there was no dilutive potential ordinary shares (six months ended 30 September 2018: Nil) and hence the diluted earnings per share is the same as basic earnings per share.

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the Period, the Group acquired items of property, plant and machinery with a cost of HK\$618,000 (six months ended 30 September 2018: HK\$5,893,000). Items of property, plant and machinery with a net carrying value of HK\$443,000 were disposed of during the Period (six months ended 30 September 2018: HK\$30,000), resulting in a gain on disposal of HK\$103,000 (six months ended 30 September 2018: HK\$95,000).

Certain properties under property, plant and equipment with aggregate net carrying amount of HK\$17,214,000 (31 March 2019: HK\$18,402,000) were pledged for certain interest-bearing bank and other borrowings at the end of the Period.

In addition, the Group has entered into new lease agreements during the Period. Right-of-use assets amounted to HK\$188,000 has been recognised for the Period accordingly.

No additions to intangible assets was made during the Period (six months ended 30 September 2018: Nil).

#### 10. CEMETERY ASSETS

	<b>Unaudited</b> As at <b>30 September</b> <b>2019</b> <i>HK\$'000</i>	Audited As at 31 March 2019 <i>HK\$'000</i>
Land costs	20,449	22,370
Landscape facilities	197,512	210,460
	<u>217,961</u>	<u>232,830</u>

#### 11. TRADE RECEIVABLES

An aging analysis of the trade receivables as at the end of the Period, based on the invoice date and net of provisions, is as follows:

	<b>Unaudited</b> As at <b>30 September</b> <b>2019</b> <i>HK\$'000</i>	Audited As at 31 March 2019 <i>HK\$'000</i>
Within 60 days	259	121
181 to 365 days	752	791
	<u>1,011</u>	<u>912</u>

#### 12. TRADE PAYABLES

An aging analysis of the trade payables as at the end of Period, based on the invoice date, is as follows:

	<b>Unaudited</b> As at <b>30 September</b> <b>2019</b> <i>HK\$'000</i>	Audited As at 31 March 2019 <i>HK\$'000</i>
Within 90 days	11,401	18,688
91 to 180 days	4,660	47
181 to 365 days	19,189	334
Over 1 year	2,699	14,884
	<u>37,949</u>	<u>33,953</u>

### 13. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the Period.

#### (a) Other transactions with related parties

	Unaudited	
	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
Consultancy fee to a related company (six months ended 30 September 2018: non-controlling shareholder) in which one of the Executive Directors has control (notes (i) and 13(b)(i))	1,389	915
Rental expenses to a related company (six months ended 30 September 2018: non-controlling shareholder) in which one of the Executive Directors has control (notes (i) and 13(b)(i))	–	354
Interest expenses to a related company in which one of the Executive Directors has control (note (ii))	531	3,400
Cash consideration paid for the acquisition of non-controlling interest to a related company in which one of the Executive Directors has control (note 14)	<u>6,652</u>	<u>–</u>

#### Notes:

- (i) These transactions constitute a de minimis transactions under Rule 14A.76(1)(c) of Chapter 14A of the Listing Rules and are therefore fully exempted from all disclosure requirements.
- (ii) As the borrowing was not secured by any asset of the Group and as the Directors consider that the borrowing was on normal commercial terms or better, the borrowing was fully exempted from the Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules. This borrowing has been fully repaid during the Period.

Certain directors have guaranteed bank loans and other borrowings.

#### (b) Outstanding balances with related parties

- (i) The Group had outstanding balance to a related company, included in "Other payables", of HK\$28,000 (31 March 2019: HK\$2,827,000, included in "Amount due to non-controlling shareholders") as at the end of the reporting period. As the Group acquired the non-controlling interest from a non-controlling shareholder during the Period (note 14), this non-controlling shareholder has been classified as a related company at 30 September 2019. The amount was non-trade in nature, unsecured, interest-free and repayable on demand.

(c) **Compensation of key management personnel of the Group**

The Directors are of the opinion that the key management are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and are defined as the Executive Directors, Non-executive Directors and the Chief Executive Officer of the Company.

**14. ACQUISITION OF NON-CONTROLLING INTEREST**

In August 2019, the Group has acquired additional 1.62% equity interests in Zhejiang Anxian Yuan, a 98.38% owned subsidiary as at 31 March 2019. As a result of the acquisition, the Group owned 100% equity interest in this subsidiary as at 30 September 2019, details of which are set out in the Company's announcement dated 15 August 2019.

An analysis of the effects of changes in shareholdings in Zhejiang Anxian Yuan on the consolidated equity attributable to the owners of the Company during the Period is as follows:

	<b>Unaudited At completion date HK\$'000</b>
Net assets attributable to 1.62% equity interest	7,825
Less: Cash consideration paid for 1.62% equity interest	<u>(6,652)</u>
Increase in equity attributable to owners of the Company (included in other reserve)	<u>1,173</u>

**15. EVENTS AFTER THE REPORTING DATE**

There was no event occurring after the reporting date to be disclosed by the Group up to the approval date of the condensed consolidated financial statements.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MARKET OVERVIEW**

“Let there be a careful attention to perform the funeral rites to parents, and let them be followed when long gone with the ceremonies of sacrifice – then the virtue of the people will resume its proper excellence” (“慎終追遠，民德歸厚矣”). The “funeral, burial and funeral rites” and the “filial piety culture” have been the essence of the traditional Chinese culture since ancient times. The immense population base in the PRC, the accelerating urbanisation and aging of population, the rising consumption power, and the increasing emotional demands and pursuit of quality in respect of funeral and burial services have laid a critical foundation for the growing development of funeral and burial industry in the PRC.

According to the industrial reports, since the 20th century, the PRC has gradually entered into an aging society with a year-on-year increase in deceased population, hence a rapid development of funeral and burial industry. According to the statistics of National Bureau of Statistics, in 2017, the number of deaths was approximately 9.86 million and the market size of the funeral and burial service industry was approximately RMB73.2 billion in the PRC. In the recent years, along with the funeral and burial reformation greatly promoted by the PRC, the increasing proportion of cremation, the change in traditional conception and the further implementation of national policies and measures in respect of the regulation of the funeral and burial market, the development of funeral and burial service industry was therefore substantially benefited. It is estimated that in 2025, the market size of the funeral and burial service industry in the PRC will exceed RMB150 billion. The prospects of the funeral and burial service industry is rather promising.

### **BUSINESS REVIEW**

As one of the earliest funeral and burial service provider in the PRC, the Group has, as always, provided quality funeral and burial services with an unwavering heart, making every client feel respected and esteemed and allowing them to mourn and demonstrate their filial piety.

During the period under review, under the guidance of the Board, the Group kept consolidating and unearthing the brand value as always and continued to cultivate core projects internally while optimising the brand culture and realising the corporate and social value externally. In terms of performance, every project company under the Group achieved stable development with Zhejiang Anxian Yuan as the core. In addition, the Group strictly followed the national policies and the industrial reformation and proactively developed green and ecological funeral and burial, in order to promote a sustainable funeral and burial model.

In the future, the Group will continue to advocate and practice the management concept of “being people-oriented and rooted in culture with technology as a tool and service provision as the goal” to forge ahead with an unwavering faith and spare no effort in establishing a top-tier brand in the funeral and burial industry in the PRC.

## **FINANCIAL REVIEW**

For the Period, the Group recorded net profit of approximately HK\$6,416,000 (six months ended 30 September 2018: approximately HK\$9,284,000) and revenue of approximately HK\$98,315,000 (six months ended 30 September 2018: approximately HK\$97,904,000). During the Period, the Group sold 1,334 tombs (six months ended 30 September 2018: 1,031 tombs). The Group's net profit decreased period-on-period by approximately HK\$2,868,000 was mainly attributable to, among other factors, (i) an increase in income tax expense by approximately HK\$2,134,000 in which approximately HK\$1,980,000 arising from the decrease in write-back of deferred tax provision during the Period; (ii) a decrease in gross profit by approximately HK\$2,647,000 mainly from an increase in cost of tombs during the Period; and (iii) the effect of the increase in income tax expense and the decrease in gross profit mentioned in (i) and (ii) above, respectively, being partially offset by a decrease in finance costs of approximately HK\$2,346,000 due to the repayment of borrowings by the Group during the Period, as compared to the corresponding period last year.

The net assets of the Group as at 30 September 2019 was approximately HK\$622,713,000 (31 March 2019: approximately HK\$658,092,000). The Group's net assets decreased period-on-period by approximately HK\$35,379,000 was mainly attributable to the exchange loss on translation of financial statements of foreign operations of approximately HK\$34,335,000 due to the depreciation in RMB as at 30 September 2019.

## **ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

In August 2019, Hangzhou Fuyixian, an indirect wholly-owned subsidiary of the Company, has acquired additional 1.62% equity interests in Zhejiang Anxian Yuan, a 98.38% indirectly owned subsidiary of the Company as at 31 March 2019, from 浙江富安移民經濟開發有限公司 (in English, for identification purpose, Zhejiang Fu An Immigration Economic Development Company Limited), a connected person of the Company (as defined in the Listing Rules) (the "Acquisition"). Completion of the Acquisition took place on 19 August 2019. Upon completion of the Acquisition, the Company indirectly owned 100% equity interest in Zhejiang Anxian Yuan as at 30 September 2019, details of which were set out in the Company's announcement dated 15 August 2019.

Except for the above, no acquisition and disposal of subsidiaries and associated companies were noted during the Period.



## **OTHER INFORMATION**

### **RESULTS AND DIVIDEND**

The results of the Group for the Period are set out under the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income on pages 1 to 3.

The Directors do not recommend the payment of any dividend for the Period (six months ended 30 September 2018: Nil).

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **COMPETING BUSINESS**

As at 30 September 2019, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### **CORPORATE GOVERNANCE PRACTICES**

Throughout the Period, the Company has complied with the Code in so far as they are applicable except for the deviation from Code A.1.1 of the Code.

#### **Code provision A.1.1 of the Code**

Code provision A.1.1 of the Code stipulates that the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the Period, only one regular board meeting was held to review and discuss the annual results. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary.

Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

## **AUDIT COMMITTEE REVIEW**

The Company has an Audit Committee which was established with written terms of reference, in accordance with Appendix 14 to the Listing Rules, for the purposes of, among others, reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management system. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Chan Koon Yung, Mr. Lum Pak Sum and Mr. Yao Hong. Mr. Chan Koon Yung is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and policies adopted by the Group and has discussed and reviewed the internal controls and financial reporting matters of the Group, including the review of the unaudited consolidated interim results of the Group and interim report of the Company for the six months ended 30 September 2019, with the management of the Company.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period. No incident of non-compliance was noted by the Company during the Period.

## **PUBLICATION OF INTERIM RESULTS**

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.anxianyuanchina.com](http://www.anxianyuanchina.com). The interim report of the Company for the six months ended 30 September 2019 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

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

Hong Kong, 8 November 2019

*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 Mr. Yao Hong.*

## GLOSSARY

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

Board	the board of Directors
Chairman	the chairman of the Board
Chief Executive Officer	the chief executive officer of the Company
Code	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules
Company/Anxian Yuan	Anxian Yuan China Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Company Secretary	The company secretary of the Company
Director(s)	the director(s) of the Company
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
Hangzhou Fuyixian	杭州富亦賢科技有限公司 (in English, for identification purpose, Hangzhou Fuyixian Technology Company Limited), a limited liability company established under the laws of the PRC
HKAS	the Hong Kong Accounting Standards issued by the HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by the HKICPA
HKICPA	the Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Non-executive Director(s)	the independent non-executive Director(s)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Non-executive Director(s)	the non-executive Director(s)
Period	the six months ended 30 September 2019
PRC	the People's Republic of China, which for the purpose of this announcement exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	the ordinary share(s) of HK\$0.1 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
Zhejiang Anxian Yuan	浙江安賢陵園有限責任公司 (in English, for identification purpose, Zhejiang Anxian Yuan Company Limited), a limited liability company established under the laws of the PRC
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of PRC
%	per cent