



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)

INTERIM REPORT
2020

www.anxianyuanchina.com

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shi Hua (*Chairman*)

Mr. Shi Jun (*Chief Executive Officer*)

Mr. Law Fei Shing (*Deputy Chief Executive Officer*)

Non-executive Director

Mr. Wang Hongjie

Independent Non-executive Directors

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Mr. Yao Hong

COMPANY SECRETARY

Mr. Law Fei Shing

AUDIT COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

Mr. Yao Hong

REMUNERATION COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

Mr. Yao Hong

NOMINATION COMMITTEE

Mr. Shi Hua (*Committee Chairman*)

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Mr. Yao Hong

AUTHORISED REPRESENTATIVES

Mr. Shi Hua

Mr. Law Fei Shing

AUDITOR

BDO Limited

Certified Public Accountants

25th Wing On Centre

111 Connaught Road Central

Hong Kong

PRINCIPAL BANKER

Wing Lung Bank Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1215, Leighton Centre

77 Leighton Road

Causeway Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

MUFG Fund Services (Bermuda) Limited

4th floor North

Cedar House

41 Cedar Avenue

Hamilton HM 12, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited

Level 54, Hopewell Centre

183 Queen's Road East, Hong Kong

SHARE INFORMATION

Stock code: 00922

Board lot: 10,000 shares

WEBSITE

www.anxianyuanchina.com

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the net cash inflow was approximately HK\$15,939,000 (six months ended 30 September 2018: net cash outflow of approximately HK\$5,248,000). As at 30 September 2019, the cash and cash equivalents of the Group were approximately HK\$49,190,000 (31 March 2019: approximately HK\$34,999,000). The Group had short-term bank and other borrowings of approximately HK\$54,323,000 (31 March 2019: approximately HK\$74,941,000) and long-term bank and other borrowings of approximately HK\$136,761,000 (31 March 2019: approximately HK\$137,341,000) as at 30 September 2019.

In May 2017, other borrowings of HK\$100,000,000 was provided by Excel Precise International Limited ("Excel Precise") for the repayment of convertible bonds and other borrowings. Excel Precise is a holder of a money lenders licence under the Money Lenders Ordinance and is owned as to 25% by Mr. Law Fei Shing ("Mr. Law"), an Executive Director, and owned as to 73.5% by True Promise Investments Limited ("True Promise"), a company wholly-owned by Mr. Law. Mr. Law is the director of both Excel Precise and True Promise. As at 31 March 2019, the outstanding amount of this loan was HK\$30,000,000. During the Period, the Group repaid an amount of HK\$30,000,000 to Excel Precise. The loan has been fully repaid accordingly. The repayment was funded by the internal resources of the Group.

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.42 (31 March 2019: 0.40).

CHARGES ON ASSETS

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.

As at 30 September 2019, 98.38% equity interest in Zhejiang Anxian Yuan was pledged to secure the bank borrowings granted to this subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

LITIGATION

No outstanding litigation as at 30 September 2019 was noted.

FINANCIAL GUARANTEE

No outstanding financial guarantee of the Group as at 30 September 2019 was noted.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Period, the Group's business were mainly denominated in RMB. The PRC subsidiaries of the Group were operated in the PRC. All transactions, assets and liabilities of the PRC subsidiaries were denominated in RMB and were translated into HK\$ at the period end date as foreign operations. No foreign currency hedge was made during the Period.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2019, the Group had 13 employees (including Directors) (31 March 2019: 13 employees) and 334 employees (31 March 2019: 346 employees) in Hong Kong and the PRC respectively. The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary and mandatory provident fund, employees are entitled to other benefits such as share option scheme, of which the Directors may, at their discretion, grant options to employees of the Group. The remuneration policies of the Group's employees are subject to review regularly.

The Group has a share option scheme available for directors and employees of the Company or any of its subsidiaries.

Total staff costs (including Directors) for the Period amounted to approximately HK\$19,351,000 (six months ended 30 September 2018: approximately HK\$18,965,000), of which contribution to mandatory provident fund accounted for approximately HK\$60,000 (six months ended 30 September 2018: approximately HK\$58,000).

SUBSCRIPTION OF NEW SHARES

No subscription of new shares was noted during the Period.

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 12 and 13.

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

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2019, the interests and short positions of the Directors and the chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Position in the ordinary Shares of HK\$0.1 each:

Name of Director	Nature of interest/Capacity	Number of Shares held	Approximate percentage of shareholding (Note 2)	Notes
Mr. Shi Hua	Beneficial Owner	22,178,000	2.99%	
	Interest of controlled corporation	180,000,000	24.31%	1
Mr. Shi Jun	Beneficial Owner	12,200,000	1.65%	
Mr. Law Fei Shing	Beneficial Owner	2,800,000	0.38%	

Notes:

- 180,000,000 Shares were registered in the name of Master Point Overseas Limited. Master Point Overseas Limited is a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is legally and beneficially owned by Mr. Shi Hua. Under the SFO, Mr. Shi Hua was deemed to be interested in 180,000,000 Shares held by Master Point Overseas Limited.
- The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2019 which was 740,545,260.

Save as disclosed above, as at 30 September 2019, none of the Directors or the Chief Executives had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2019, so far as is known to the Directors and according to the register kept by the Company under Section 336 of the SFO, the following Shareholders, other than a Director or Chief Executive Officer, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Long positions in the ordinary Shares of HK\$0.1 each:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held	Approximate percentage of shareholding (Note 4)	Notes
Master Point Overseas Limited	Beneficial Owner	180,000,000	24.31%	1
Yan Zulin	Beneficial Owner	44,644,000	6.03%	
Huang Weichun	Beneficial Owner	40,000,000	5.40%	
Qi Xing Gang	Beneficial Owner	30,000,000	4.05%	
	Interest of spouse	10,000,000	1.35%	2
Jin Yin	Beneficial Owner	10,000,000	1.35%	
	Interest of spouse	30,000,000	4.05%	3

Notes:

- The interest of Master Point Overseas Limited is also disclosed as the interest of Mr. Shi Hua, the beneficial owner of Master Point Overseas Limited, in the above section headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION".
- Mr. Qi Xing Gang is the spouse of Ms. Jin Yin. By virtue of the SFO, Mr. Qi Xing Gang is deemed to be interested in the Shares of the Company which Ms. Jin Yin is interested in.
- Ms. Jin Yin is the spouse of Mr. Qi Xing Gang. By virtue of the SFO, Ms. Jin Yin is deemed to be interested in the Shares of the Company which Mr. Qi Xing Gang is interested in.
- The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2019 which was 740,545,260.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short position in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION” and “SHARE OPTION SCHEME” in this report, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the Period had the Directors and the Chief Executives (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the Shares (or warrants or debentures, if applicable) and its associated corporations (within the meaning of the SFO).

SHARE OPTION SCHEME

During the Period, the Company adopted a share option scheme (the “Share Option Scheme”) on 28 August 2018 (the “Adoption Date”). The purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons who contribute to the success of the Group’s operations. Eligible persons of the Share Option Scheme include any full-time or part-time employee of the Company or any members of the Group, including any Executive, Non-executive Director and Independent Non-executive Director, adviser, consultant of the Company or any the subsidiaries.

The total number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the shares in issue as at the Adoption Date as altered by the capital reorganisation undertaken by the Company which became effective on 29 August 2018 (the “Scheme Mandate Limit”). The total number of shares issued and to be issued upon exercise of the options granted to a participant under the Share Option Scheme and other schemes (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time. Where any further grant of options to a participant (the “Further Grant”) would result in the shares issued and to be issued upon exercise of all options granted and to be granted under the Share Option Scheme and other schemes to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the shares in issue from time to time, the Further Grant must be separately approved by the shareholders in general meeting with such participate and his close associates (as defined in the Listing Rules) (or his associates (as defined in the Listing Rules) if the participant is a connected person) abstaining from voting.

Notwithstanding the foregoing, the Company may not grant any option if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other schemes exceeds 30% of the shares in issue from time to time.

The Board may, at its discretion, invite any eligible persons to take up options at a price calculated as mentioned below. Upon acceptance of the option, the eligible person shall pay HK\$1.00 to the Company by way of consideration for the grant. The option will be offered for acceptance for a period of 28 days from the date on which the option is granted.

OTHER INFORMATION

The Share Option Scheme will be valid and effective for a period of ten years commencing on the date of approval of the Share Option Scheme (i.e. 28 August 2018), after which period no further options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

The exercise price for the shares subject to options will be a price determined by the Board and notified to each participant and must be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing shares. The share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

The directors of the Company confirm that the Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. During the Period and up to the date of this report, no option had been granted by the Company under the Share Option Scheme. No share option was outstanding as at 30 September 2019.

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.

CHANGE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

The Change in the information of Directors since the publication of the 2019 Annual Report is set out below pursuant to Rule 13.51B(1) of the Listing Rules.

- (i) Mr. Lum Pak Sum was appointed as an independent non-executive director of China Graphene Group Limited (stock code: 63) with effect from 30 September 2019.

OTHER INFORMATION

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at 30 September 2019 and the date of this report, the Company has maintained the prescribed minimum public float as required under the Listing Rules.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement of the Company has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.anxianyuanchina.com). This interim report, containing all the information required by the Listing Rules, has also been published on the above websites.

OTHER INFORMATION

APPRECIATION

The Board would like to thank the management of the Group and all our staff for their hard work and dedication, as well as its shareholders, for their support to the Group.

By order of the Board

Anxian Yuan China Holdings Limited

Mr. Shi Hua

Chairman

Hong Kong, 8 November 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019

	Notes	Unaudited Six months ended 30 September	
		2019 HK\$'000	2018 HK\$'000
REVENUE	5	98,315	97,904
Cost of sales		(32,075)	(29,017)
Gross profit		66,240	68,887
Other income and gains	5	1,328	522
Selling and distribution expenses		(11,134)	(9,049)
Administrative expenses		(40,453)	(41,362)
Finance costs	7	(2,323)	(4,669)
Share of profits of an associate		–	63
PROFIT BEFORE INCOME TAX	6	13,658	14,392
Income tax expense	9	(7,242)	(5,108)
PROFIT FOR THE PERIOD		6,416	9,284
Profit/(Loss) for the period attributable to:			
Owners of the Company		6,726	9,180
Non-controlling interests		(310)	104
		6,416	9,284
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD			
Basic (HK cents)	11	0.91	1.24
Diluted (HK cents)	11	0.91	1.24

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
PROFIT FOR THE PERIOD	6,416	9,284
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	(34,335)	(65,599)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(34,335)	(65,599)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(27,919)	(56,315)
Total comprehensive income for the period attributable to:		
Owners of the Company	(25,295)	(51,815)
Non-controlling interests	(2,624)	(4,500)
	(27,919)	(56,315)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	<i>Notes</i>	Unaudited 30 September 2019 HK\$'000	Audited 31 March 2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	104,103	114,454
Right-of-use assets	12	2,213	–
Intangible assets	12	427,610	451,028
Goodwill		12,390	13,029
Equity investments		2,217	2,332
Cemetery assets	13	217,961	232,830
Total non-current assets		766,494	813,673
CURRENT ASSETS			
Inventories	14	257,179	245,670
Trade receivables	15	1,011	912
Prepayments, deposits and other receivables		1,319	3,456
Cash and cash equivalents		49,190	34,999
Total current assets		308,699	285,037
CURRENT LIABILITIES			
Trade payables	16	37,949	33,953
Other payables and accruals		6,455	7,515
Contract liabilities		63,787	23,684
Lease liabilities		1,258	–
Interest-bearing bank and other borrowings	17	54,323	74,941
Amount due to non-controlling shareholders		–	2,827
Tax payables		17,922	21,429
Total current liabilities		181,694	164,349
NET CURRENT ASSETS		127,005	120,688
TOTAL ASSETS LESS CURRENT LIABILITIES		893,499	934,361

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Unaudited									
	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium* HK\$'000	Contributed surplus reserve* HK\$'000	Statutory reserve fund* HK\$'000	Exchange fluctuation reserve* HK\$'000	Other reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2019	74,055	145,849	189,490	16,020	(12,740)	(11,458)	209,750	610,966	47,126	658,092
Profit for the Period	-	-	-	-	-	-	6,726	6,726	(310)	6,416
Other comprehensive income for the Period: Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(32,021)	-	-	(32,021)	(2,314)	(34,335)
Total comprehensive income for the Period	-	-	-	-	(32,021)	-	6,726	(25,295)	(2,624)	(27,919)
Dividend paid to non-controlling shareholder	-	-	-	-	-	-	-	-	(808)	(808)
Acquisition of non-controlling interest (note 21)	-	-	-	-	-	1,173	-	1,173	(7,825)	(6,652)
At 30 September 2019	74,055	145,849	189,490	16,020	(44,761)	(10,285)	216,476	586,844	35,869	622,713

* These reserve accounts comprise the consolidated reserves as at 30 September 2019 in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

Unaudited

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium* HK\$'000	Share-based compensation reserve* HK\$'000	Contributed surplus reserve* HK\$'000	Statutory reserve fund* HK\$'000	Exchange fluctuation reserve* HK\$'000	Other reserve* HK\$'000	(Accumulated losses)/ Retained profits* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2018	740,545	145,849	21,968	-	13,004	31,957	(11,458)	(803,284)	638,581	50,847	689,428
Profit for the Period	-	-	-	-	-	-	-	9,180	9,180	104	9,284
Other comprehensive income for the Period:											
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(60,995)	-	-	(60,995)	(4,604)	(65,599)
Total comprehensive income for the Period	-	-	-	-	-	(60,995)	-	9,180	(51,815)	(4,500)	(56,315)
Shares consolidation and capital reduction (note 18(i))	(666,490)	-	-	189,490	-	-	-	477,000	-	-	-
Dividend paid to non-controlling shareholder	-	-	-	-	-	-	-	-	-	(184)	(184)
Lapse of share options	-	-	(21,968)	-	-	-	-	21,968	-	-	-
Transfer from retained profits	-	-	-	-	3,016	-	-	(3,016)	-	-	-
At 30 September 2018	74,055	145,849	-	189,490	16,020	(29,038)	(11,458)	201,848	586,766	46,163	632,929

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Unaudited	
	Six months ended 30 September 2019 HK\$'000	Six months ended 30 September 2018 HK\$'000
Net cash flows generated from operating activities	39,460	5,477
Net cash flows used in investing activities	(7,657)	(5,822)
Net cash flows used in financing activities	(15,864)	(4,903)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,939	(5,248)
Cash and cash equivalents at beginning of period	34,999	47,836
Effect of foreign exchange rate changes, net	(1,748)	(3,792)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	49,190	38,796
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	49,190	38,796

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2.2 NEW OR AMENDED HKFRSs ADOPTED BY THE GROUP (CONTINUED)

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. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group’s accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

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)):

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2.2 NEW OR AMENDED HKFRSs ADOPTED BY THE GROUP (CONTINUED)

Adoption of HKFRS 16 (Continued)

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

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:

	HK\$'000
Reconciliation of operating lease commitment to lease liabilities	
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	(231)
	<hr/>
Total lease liabilities as at 1 April 2019	3,144

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the condensed consolidated statement of financial position as at 1 April 2019 is 4.60%.

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2.2 NEW OR AMENDED HKFRSs ADOPTED BY THE GROUP (CONTINUED)

Adoption of HKFRS 16 (Continued)

(iii) *Accounting as a lessee*

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at cost less accumulated depreciation and any impairment losses. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of office premises under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2.2 NEW OR AMENDED HKFRSs ADOPTED BY THE GROUP (CONTINUED)

Adoption of HKFRS 16 (Continued)

(iii) *Accounting as a lessee (Continued)*

Lease liability (Continued)

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) *Transition*

As mentioned above, 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 (1 April 2019). 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 Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC) – Int 4.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2.3 AMENDED HKFRSs ISSUED BUT NOT YET EFFECTIVE

The following amended HKFRSs, potentially relevant to the Group's unaudited condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1 and HKAS 8 Definition of Material¹

¹ Effective for annual periods beginning on or after 1 January 2020

The Group has already commenced an assessment of the impact of adopting the above amendments to the existing standards to the Group. The Directors anticipate that the application of amended HKFRSs will have no material impact on the Group's financial performance and positions and/or the disclosures to the unaudited condensed consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16, which are described in note 2.2.

4. 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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

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

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

5. 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 4(a) above.

	Unaudited	
	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
Revenue by products and services		
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
	98,315	97,904
Timing of revenue recognition		
A point in time	88,586	87,047
Over time	9,729	10,857
	98,315	97,904
Other income and gains		
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
	1,328	522

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

6. PROFIT BEFORE INCOME TAX

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

	Unaudited Six months ended 30 September	
	2019 HK\$'000	2018 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 (note 8)):		
– 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.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 30 September	
	2019 HK\$'000	2018 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Period, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Unaudited	
	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
Fees	180	170
Other emoluments:		
Salaries, allowances and benefits in kind	1,860	1,940
Pension scheme contributions	18	18
	1,878	1,958
	2,058	2,128

(a) Independent Non-executive Directors

	<i>Notes</i>	Salaries, allowances and benefits in kind HK\$'000
Six months ended 30 September 2019		
Mr. Chan Koon Yung		60
Mr. Lum Pak Sum		60
Mr. Yao Hong	<i>(ii)</i>	60
		180
Six months ended 30 September 2018		
Mr. Chan Koon Yung		60
Mr. Lum Pak Sum		60
Mr. Lai Chun Yu	<i>(i)</i>	50
		170

There were no other emoluments payable to the Independent Non-executive Directors during the Period (six months ended 30 September 2018: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive Directors and Non-executive Director

	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 30 September 2019			
Executive Directors:			
Mr. Shi Hua	780	–	780
Mr. Shi Jun	420	9	429
Mr. Law Fei Shing	600	9	609
	1,800	18	1,818
Non-executive Director:			
Mr. Wang Hongjie	60	–	60
	1,860	18	1,878
Six months ended 30 September 2018			
Executive Directors:			
Mr. Shi Hua	780	–	780
Mr. Shi Jun	500	9	509
Mr. Law Fei Shing	600	9	609
	1,880	18	1,898
Non-executive Director:			
Mr. Wang Hongjie	60	–	60
	1,940	18	1,958

Notes:

- (i) Retired on 28 August 2018
- (ii) Appointed on 26 November 2018

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the Period (six months ended 30 September 2018: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

9. 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:

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

10. DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (six months ended 30 September 2018: Nil).

11. EARNINGS PER SHARE 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

12. 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).

13. CEMETERY ASSETS

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

14. INVENTORIES

	Unaudited As at 30 September 2019 HK\$'000	Audited As at 31 March 2019 HK\$'000
Inventories – Tombs	257,179	245,670

As at 30 September 2019, inventories of approximately HK\$205,720,000 (31 March 2019: HK\$178,457,000) are expected to be recovered in more than one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

15. 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:

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

16. TRADE PAYABLES

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

	Unaudited As at 30 September 2019 HK\$'000	Audited As at 31 March 2019 HK\$'000
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
	37,949	33,953

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

Unaudited As at 30 September 2019			
	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans			
– secured (<i>note (a)</i>)	5.67 – 6.09	September 2020	5,543
Current portion of long-term bank loans			
– guaranteed and secured (<i>note (b)</i>)	4.75	October 2019 – April 2020	19,956
Other borrowings			
– guaranteed and secured (<i>note (c)</i>)	5.00	June 2020	11,086
– guaranteed (<i>note (d)</i>)	13.00	July 2021 with repayment on demand clause	12,195
– unsecured	12.00	September 2022 with repayment on demand clause	5,543
			54,323
Non-current			
Bank loans			
– guaranteed and secured (<i>note (b)</i>)	4.75	July 2020 – July 2024	136,761
			191,084

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

17. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Audited
As at 31 March 2019

	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans			
– secured (<i>note (a)</i>)	5.24-6.53	September 2019	5,829
Current portion of long-term bank loans			
– guaranteed and secured (<i>note (e)</i>)	6.13-6.47	October 2019	27,454
Other borrowings			
– guaranteed (<i>note (f)</i>)	15.00	May 2019	30,000
– guaranteed and secured (<i>note (c)</i>)	6.50	June 2019	11,658
			74,941
Non-current			
Bank loans			
– guaranteed and secured (<i>note (e)</i>)	6.13-6.47	October 2020 – December 2023	137,341
			212,282

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

17. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	Unaudited As at 30 September 2019 HK\$'000	Audited As at 31 March 2019 HK\$'000
Based on the repayment schedules and analysed into:		
Bank loans repayable:		
Within one year or on demand	25,499	33,283
In the second year	28,270	27,454
In the third to fifth years, inclusive	108,491	109,887
	162,260	170,624
Other borrowings repayable:		
Within one year or on demand	11,086	41,658
In the second year	12,195	–
In the third to fifth years, inclusive	5,543	–
	28,824	41,658
	191,084	212,282

Notes:

- (a) The balance is secured by certain property, plant and equipment with the net carrying amount of HK\$4,263,000 (31 March 2019: HK\$4,557,000).
- (b) The Group's bank loan amounting to HK\$156,717,000 is secured by 98.38% equity interest in a subsidiary of the Company and properties owned by a related company in which one of the Executive Directors have control; and are guaranteed by a subsidiary and a related company in which one of the Executive Directors have control.
- (c) The balance represents a discounted bill. It is secured by certain property, plant and equipment with the net carrying amount of HK\$12,951,000 (31 March 2019: HK\$13,845,000) and guaranteed by a subsidiary of the Group.
- (d) The balance is guaranteed by certain Executive Directors of the Company.
- (e) As at 31 March 2019, the Group's bank loans amounting to HK\$164,795,000 were secured by non-controlling shareholders' shares in subsidiaries, and buildings owned by a non-controlling shareholder and were guaranteed by certain Executive Directors of the Company and a non-controlling shareholder of a subsidiary. This loan has been fully repaid during the Period.
- (f) As at 31 March 2019, the balance represented an outstanding balance of the loan provided by Excel Precise International Limited ("Excel Precise"). Excel Precise is a holder of a money lenders licence under the Money Lenders Ordinance and is owned as to 25% by Mr. Law Fei Shing ("Mr. Law"), an Executive Director, and owned as to 73.5% by True Promise Investments Limited ("True Promise"), a company wholly-owned by Mr. Law. Mr. Law is the director of both Excel Precise and True Promise. This loan has been fully repaid during the Period.
- (g) Except for the other borrowings as set out in note (f) which were denominated in Hong Kong dollars, all borrowings are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

18. SHARE CAPITAL

	Unaudited As at 30 September 2019 HK\$'000	Audited As at 31 March 2019 HK\$'000
Issued and fully paid:		
740,545,000 (31 March 2019: 740,545,000) ordinary shares	74,055	74,055

A summary of movements in the Company's share capital is as follows:

	Number of shares ('000)	Nominal value HK\$'000
Issued and fully paid:		
At 1 April 2018	7,405,453	740,545
Shares consolidation and capital reduction (<i>note (i)</i>)	(6,664,908)	(666,490)
At 31 March 2019 and 30 September 2019	740,545	74,055

Note:

- (i) On 29 August 2018, share consolidation of every 10 issued ordinary shares of nominal value of HK\$0.10 each into 1 ordinary share of nominal value of HK\$1.00 each was completed. The reduction of the issued number of shares of the Company arising as a result of the share consolidation and the reduction of the nominal value of each of the issued consolidated shares from HK\$1.00 to HK\$0.10 by cancelling the paid-up to the extent of HK\$0.90 on each of the issued consolidated shares was completed. As a result, amounts of HK\$477,000,000 and HK\$189,490,000 were credited to accumulated losses and contributed surplus reserve respectively for the year ended 31 March 2019. Details of the transactions were set out in the Company's circular dated 27 July 2018.

19. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the Period:

	Unaudited As at 30 September 2019 HK\$'000	Audited As at 31 March 2019 HK\$'000
Contracted, but not provided for:		
Proposed acquisition of land use rights	8,869	9,326
Project construction	7,047	29
	15,916	9,355

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

20. 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 (31 March 2019: non-controlling shareholder) in which one of the Executive Directors has control (notes (i) and 20 (b)(i))	1,389	915
Rental expenses to a related company (31 March 2019: non-controlling shareholder) in which one of the Executive Directors has control (notes (i) and 20 (b)(i))	–	354
Interest expenses to a related company in which one of the Executive Directors has control (notes (ii) and 17(f))	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 21)	6,652	–

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. Details are set out in note 17 to the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(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 21), 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. Details of the key management remuneration are set out in note 8 to the financial statements.

21. 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:

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

22. 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.

23. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 8 November 2019.

GLOSSARY

In this interim report, 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

GLOSSARY

PRC	the People's Republic of China, which for the purpose of this report 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