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ANXIAN YUAN CHINA HOLDINGS LIMITED

安賢園中國控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00922)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The Board of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2020 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

		Unaudited Six months ended 30 September	
	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
REVENUE	4	139,968	98,315
Cost of sales		<u>(57,909)</u>	<u>(32,075)</u>
Gross profit		82,059	66,240
Other income and gains	4	2,848	1,328
Selling and distribution expenses		(11,139)	(11,134)
Administrative expenses		(30,844)	(40,453)
Finance costs	6	<u>(1,913)</u>	<u>(2,323)</u>
PROFIT BEFORE INCOME TAX	5	41,011	13,658
Income tax expense	7	<u>(11,030)</u>	<u>(7,242)</u>
PROFIT FOR THE PERIOD		<u>29,981</u>	<u>6,416</u>

* *For identification purposes only*

		Unaudited	
		Six months ended	
		30 September	
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) for the period attributable to:			
Owners of the Company		29,026	6,726
Non-controlling interests		955	(310)
		<u>29,981</u>	<u>6,416</u>
EARNINGS PER SHARE FOR PROFIT			
ATTRIBUTABLE TO OWNERS OF THE			
COMPANY FOR THE PERIOD			
Basic (<i>HK cents</i>)	<i>9</i>	<u>1.96</u>	(restated) 0.74
Diluted (<i>HK cents</i>)	<i>9</i>	<u>1.96</u>	<u>0.74</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Unaudited	
	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	29,981	6,416
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	28,950	(34,335)
Change in fair value of equity investments at fair value through other comprehensive income	106	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	29,056	(34,335)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	59,037	(27,919)
Total comprehensive income for the period attributable to:		
Owners of the Company	56,664	(25,295)
Non-controlling interests	2,373	(2,624)
	59,037	(27,919)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	Unaudited 30 September 2020 <i>HK\$'000</i>	Audited 31 March 2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	104,090	104,377
Right-of-use assets	<i>10</i>	2,923	2,537
Intangible assets	<i>10</i>	432,592	417,703
Goodwill		12,719	12,232
Equity investments		2,772	2,666
Cemetery assets	<i>11</i>	220,784	218,595
		<hr/>	<hr/>
Total non-current assets		775,880	758,110
CURRENT ASSETS			
Inventories		245,926	228,859
Trade receivables	<i>12</i>	1,005	1,014
Prepayments, deposits and other receivables		4,653	3,389
Cash and cash equivalents		235,802	77,657
		<hr/>	<hr/>
Total current assets		487,386	310,919
CURRENT LIABILITIES			
Trade payables	<i>13</i>	51,548	34,593
Other payables and accruals		4,199	5,622
Contract liabilities		23,930	23,605
Lease liabilities		1,327	1,479
Interest-bearing bank and other borrowings		35,279	49,250
Tax payables		30,685	25,390
		<hr/>	<hr/>
Total current liabilities		146,968	139,939
NET CURRENT ASSETS		340,418	170,980
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,116,298	929,090
		<hr/>	<hr/>

		Unaudited	Audited
		30 September	31 March
		2020	2020
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		103,969	114,217
Contract liabilities		23,953	21,330
Lease liabilities		875	744
Deferred tax liabilities		116,635	112,471
		<hr/>	<hr/>
Total non-current liabilities		245,432	248,762
		<hr/>	<hr/>
NET ASSETS		870,866	680,328
		<hr/>	<hr/>
EQUITY			
Share capital	<i>14</i>	222,136	88,855
Reserves		611,364	556,480
		<hr/>	<hr/>
Equity attributable to owners of the Company		833,500	645,335
		<hr/>	<hr/>
Non-controlling interests		37,366	34,993
		<hr/>	<hr/>
TOTAL EQUITY		870,866	680,328
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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.

The Directors of the Company consider the ultimate holding company of the Company to be Master Point Overseas Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company is Mr. Shi Hua as at 30 September 2020.

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 2020.

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 2020. 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:

Amendments to HKSA 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16	COVID-19 Related Rent Concession
Conceptual Framework for Financial Reporting	Revised Conceptual Framework for Financial Reporting

The application of the above new or amended HKFRSs to HKFRSs in the Period has had no material effect on the amounts reported in the unaudited condensed consolidated financial statements and/or disclosures set out in these financial statements.

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*

	Unaudited	
	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
The PRC	<u>139,968</u>	<u>98,315</u>

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

(b) *Non-current assets*

	Unaudited	Audited
	As at	As at
	30 September	31 March
	2020	2020
	HK\$'000	HK\$'000
Hong Kong	1,993	2,839
The PRC	<u>771,115</u>	<u>752,605</u>
	<u>773,108</u>	<u>755,444</u>

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 2020 (six months ended 30 September 2019: 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	
	2020	2019
	HK\$'000	HK\$'000
Revenue by products and services		
Sales of tombs and niches	126,970	88,586
Management fee income	1,842	1,861
Burial services	11,156	7,868
	139,968	98,315
Timing of revenue recognition		
A point in time	126,970	88,586
Over time	12,998	9,729
	139,968	98,315
Other income and gains		
Gain on disposal of property, plant and equipment, net	116	103
Bank interest income	1,073	110
Others	1,659	1,115
	2,848	1,328

5. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	Unaudited	
	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Cost of inventories sold	47,727	23,264
Cost of services provided	4,708	3,660
Employee benefit expense (excluding Directors' and chief executive's remuneration):		
– Wages and salaries	15,736	17,293
Amortisation of intangible assets*	1,695	1,334
Amortisation of cemetery assets*	3,779	3,816
Auditor's remuneration	400	400
Depreciation		
– Property, plant and equipment	4,758	5,879
– Right-of-use assets#	965	1,174
Exchange losses, net	32	422
	47,727	23,264

* 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\$296,000 (six months ended 30 September 2019: HK\$385,000) and HK\$669,000 (six months ended 30 September 2019: HK\$789,000) 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	
	2020	2019
	HK\$'000	HK\$'000
Interest on interest-bearing bank and other borrowings	3,899	6,052
Interest on lease liabilities	91	84
Less: Interest capitalised	(2,077)	(3,813)
	1,913	2,323

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 2019: 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 2019: Nil).

Provision for the PRC current income tax is based on the statutory rate of 25% (six months ended 30 September 2019: 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	
	2020	2019
	HK\$'000	HK\$'000
Current tax		
Income tax in the PRC for the Period	10,332	8,255
Deferred tax	698	(1,013)
Total income tax expenses for the Period	11,030	7,242

8. DIVIDEND

The Directors have declared an interim dividend of HK0.8 cent per share for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil), which is payable on Wednesday, 13 January 2021 to the Shareholders whose names appear on the registers of members of the Company on Monday, 28 December 2020.

9. 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\$29,026,000 (six months ended 30 September 2019: HK\$6,726,000), and the weighted average number of ordinary shares of 1,480,703,000 (six months ended 30 September 2019: 910,871,000, restated) in issue during the Period.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for both periods have been adjusted for the Rights Issue on 30 July 2020.

For the six months ended 30 September 2020, there was no dilutive potential ordinary shares (six months ended 30 September 2019: Nil) and hence the diluted earnings per share is the same as basic earnings per share.

10. 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\$465,000 (six months ended 30 September 2019: HK\$618,000). Items of property, plant and machinery with a net carrying value of nil were disposed of during the Period (six months ended 30 September 2019: HK\$443,000), resulting in a gain on disposal of HK\$116,000 (six months ended 30 September 2019: HK\$103,000).

Certain properties under property, plant and equipment with aggregate net carrying amount of HK\$17,085,000 (31 March 2020: HK\$16,712,000) were pledged for the banking facilities granted by the banks 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\$1,329,000 (six months ended 30 September 2019: 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 2019: Nil).

11. CEMETERY ASSETS

	Unaudited As at 30 September 2020 <i>HK\$'000</i>	Audited As at 31 March 2020 <i>HK\$'000</i>
Land costs	19,671	19,996
Landscape facilities	201,113	198,599
	<u>220,784</u>	<u>218,595</u>

12. TRADE RECEIVABLES

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

	Unaudited As at 30 September 2020 <i>HK\$'000</i>	Audited As at 31 March 2020 <i>HK\$'000</i>
Within 60 days	233	271
Over 1 year	772	743
	<u>1,005</u>	<u>1,014</u>

13. 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 2020 HK\$'000	Audited As at 31 March 2020 HK\$'000
Within 90 days	33,043	29,893
91 to 180 days	9,134	2
181 to 365 days	841	2,012
Over 1 year	8,530	2,686
	<u>51,548</u>	<u>34,593</u>

14. SHARE CAPITAL

	Unaudited As at 30 September 2020 HK\$'000	Audited As at 31 March 2020 HK\$'000
Issued and fully paid: 2,221,363,000 (31 March 2020: 888,545,000) ordinary shares	<u>222,136</u>	<u>88,855</u>

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 2020	888,545	88,855
Issue of shares upon completion of Rights Issue (<i>note (i)</i>)	<u>1,332,818</u>	<u>133,281</u>
At 30 September 2020	<u>2,221,363</u>	<u>222,136</u>

Note:

- (i) On 30 July 2020, the Company issued 1,332,817,890 rights shares, on the basis of three rights share for every two existing ordinary shares, at the subscription price of HK\$0.1 per rights share. The net proceeds from the Rights Issue after deduction of all relevant expenses of approximately HK\$1,780,000 amounted to approximately HK\$131,501,000. Details of the Rights Issue are set out in the Company's announcements dated 25 March 2020, 28 May 2020, 29 July 2020 and 30 July 2020, the Company's circular dated 29 April 2020 and the Company's prospectus dated 8 July 2020.

15. 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	
	2020	2020
	HK\$'000	HK\$'000
Consultancy fee to a related company in which one of the Executive Directors has control (<i>note (i)</i>)	1,331	1,389
Interest expenses to a related company in which one of the Executive Directors has control	–	531
Cash consideration paid for the acquisition of non-controlling interest to a related company in which one of the Executive Directors has control	–	6,652

Note:

- (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.

Certain Directors have guaranteed bank loans and other borrowings.

(b) Outstanding balances with related parties

The Group had outstanding balance to a related company, included in “Other payables”, of HK\$28,000 (31 March 2020: HK\$28,000) as at the end of the reporting period. 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.

16. 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

“Filial piety is the beginning of rites.” China is a country of etiquette. As one of the traditional Chinese culture and virtues, the concept of filial piety has an important significance and profound impact on funeral and burial culture and ritual etiquette. “A good son with filial piety has to put into practice all relevant traits... Being mournful at the funerals of his parents, and being rigorous when holding the memorial ceremonies for his parents.” The concern of the quality of funerals and burials is also a crucial embodiment of the traditional Chinese culture in respect of “filial piety”.

In recent years, with the accelerating urbanisation and aging population in the PRC, a huge population base has laid a critical foundation for the continuous development of the funeral and burial industry in China. In addition, the unremitting promotion of the national funeral and burial reform resulted in the increasing proportion of cremation. The increase in per capita disposable income and the intensifying public satisfaction and quality pursuit of funeral and burial services have all contributed the funeral and burial service industry to be one of the most stable and fast-growing industries in the PRC.

BUSINESS REVIEW AND OUTLOOK

As one of the leading enterprises in the funeral and burial industry in the PRC, the Group remains true to its original aspiration, respects life and serves life, and is always committed to providing quality funeral and burial services, so that every customer can feel the respect and dignity, and express their mourning and filial piety.

During the period under review, the Group faced global public health incidents and took the lead in initiating a mechanism to cope with the situations so as to ensure the life safety of customers and employees under the leadership of the Board of Directors. Meanwhile, internally, we continued to focus on core projects; externally, we strive to achieve the optimisation of brand culture and the realisation of corporate social value.

During the time combating the COVID-19 pandemic, we adhered to our service position, proactively responded to the government's call to ensure pandemic prevention and control, took care of the social and people's livelihood needs, and timely launched the measure of "Pre-appointed Tomb Visits" to ease the flow of people, and actively promoted the remote worship services such as virtual "Cloud Worship" and "Valet Tomb Visits". Meanwhile, the Group upgraded the online "Personal Memorial Hall" to keep the records of the deceased in terms of their voices and appearances, political performances and contributions so that the memories of their relatives and friends live on. Tombstones are limited, thoughts are infinite. In terms of performance, against the backdrop of unstable external environment and huge impact on economic development, with Zhejiang Anxian Yuan as the core, all project companies under the Group continued to maintain a steady growth trend and a stable net profit. As a pioneer in the industry, the Group always keeps in mind its corporate social responsibility and takes responsibility. At the time of the nationwide pandemic prevention and control, there was a surge in demand for materials to tackle the pandemic prevention and control, hence the Group donated money and materials to social welfare agencies in Zhejiang province, Hangzhou, Wuhan and other places. The Group was awarded the honorary title of "Caring Company" for its efforts to fight against the pandemic together. We always adhere to the core of "empathetic services and cultural funeral". In addition to actively participating in social charity events, the Group will also promote the spirit of the times, press ahead the funeral reform, propagandise cultural education and environmental protection as its own responsibilities. We organised a number of public welfare activities for society, which have been well acclaimed by all sectors.

Looking forward, the Group will continue to consolidate the development of existing projects and unearth its brand value to fulfill the responsibilities and missions of funeral efforts in the new era. With persistence in green funeral and burial as its core value and tremendous effort in facilitating the progression of modernised, ecological and humanistic reformation of Chinese funerals and burials, the pursuit of "passing away with peace" can be realised. The Group will also adhere to the business philosophy of "people-oriented, culture-based, scientific-minded and service-purposed". Forging ahead, it is our firm belief that we will reap by making unremitting efforts to build a first-tier brand in the funeral and burial industry in the PRC.

FINANCIAL REVIEW

For the Period, the Group recorded net profit of approximately HK\$29,981,000 (six months ended 30 September 2019 approximately HK\$6,416,000) and revenue of approximately HK\$139,968,000 (six months ended 30 September 2019: approximately HK\$98,315,000). During the Period, the Group sold 1,541 tombs (six months ended 30 September 2019: 1,334 tombs). The Group's net profit increased period-on-period by approximately HK\$23,565,000 was mainly attributable to, among other factors, (i) an increase in revenue by approximately HK\$41,653,000; and (ii) decrease in administrative expenses of approximately HK\$9,609,000; and (iii) the effect of the increase in revenue and the decrease in administrative expenses mentioned in (i) and (ii) above, respectively, being partially offset by an increase in cost of sales of approximately HK\$25,834,000 due to the increase in cost of tombs during the Period, as compared to the corresponding period last year.

The net assets of the Group as at 30 September 2020 was approximately HK\$870,866,000 (31 March 2020: approximately HK\$680,328,000). The Group's net assets increased period-on-period by approximately HK\$190,538,000 was mainly attributable to the increase in net profit and exchange gain on translation of financial statements of foreign operations of approximately HK\$28,950,000 due to the appreciation in RMB as at 30 September 2020.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Memorandum of understanding

On 14 March 2020, Anxian Yuan (Zhejiang) and the shareholders of 阜陽市天壽園陵園管理有限公司 (Fuyang Tianshouyuan Cemetery Management Co., Ltd.*, "Fuyang Tianshouyuan") entered into a non-legally binding memorandum of understanding ("MOU") in relation to possible investment by Anxian Yuan (Zhejiang) in Fuyang Tianshouyuan by way of capital injection and its development of a commercial cemetery (經營性公墓), subject to the entering into of the formal agreement. On 18 September 2020, the Board announced that the formal agreement was not entered into between Anxian Yuan (Zhejiang) and the shareholders of Fuyang Tianshouyuan by 13 September 2020, as they were unable to reach an agreement on the terms of the formal agreement after negotiations in good faith during such period. Accordingly, the MOU has lapsed on 13 September 2020 and the parties thereto will no longer pursue the investment in Fuyang Tianshouyuan. The Board considers that the termination of the MOU will not have any material adverse impact on the business operation and financial position of the Group.

As disclosed in the letter from the Board contained in the Company's circular dated 29 April 2020, in the event that the investment under the MOU does not materialise, the Company intends to utilise the net proceeds from the Rights Issue originally allocated for the first phase investment for other similar investment opportunity(ies). The Company is currently studying and in discussion on certain potential strategic investment opportunities and will make further announcement(s) to update the Shareholders with details of these investments as and when appropriate pursuant to the requirements of the Listing Rules.

Further details of the MOU were set out in the Company's announcements dated 25 March 2020 and 18 September 2020, Company's circular dated 29 April 2020 and Company's prospectus dated 8 July 2020.

No acquisition and disposal of subsidiaries and associated companies were noted during the Period.

* *For identification purposes only*

SUBSCRIPTION OF NEW SHARES

Use of Proceeds from Rights Issue

On 25 March 2020, the Company announced that the Board implement the Rights Issue on the basis of three rights shares for every two Shares in issue at the subscription price of HK\$0.1 per rights share, to raise up to approximately HK\$133.3 million before expenses by way of issuing up to 1,332,817,890 rights shares (“Rights Shares”).

On 30 July 2020, the Company completed the Rights Issue and issued 1,332,817,890 rights shares, on the basis of three rights shares for every two Shares In issue, at the subscription price of HK\$0.1 per rights share. The net proceeds from the Rights Issue was approximately HK\$131.5 million.

Further details of the Rights Issue were set out in the Company’s announcements dated 25 March 2020, 28 May 2020, 29 July 2020 and 30 July 2020, Company’s circular dated 29 April 2020 and Company’s prospectus dated 8 July 2020 (collectively “Rights Issue Announcements”).

Due to the completion of the Rights Issue on 30 July 2020, the total number of issued ordinary Shares of the Company was 2,221,363,150 Shares (31 March 2020: 888,545,260 Shares) as at 30 September 2020.

An analysis of the intended use of net proceeds as stated in the Rights Issue Announcements, the actual use of net proceeds up to 30 September 2020 and the expected timeline for utilising the remaining unutilised net proceeds are set out as below.

	Intended use of net proceeds as stated in the Rights Issue Announcements <i>HK\$'000</i>	Actual use of net proceeds up to 30 September 2020 <i>HK\$'000</i>	Remaining balance of unutilised net proceeds <i>HK\$'000</i>
First phase investment as stated in the MOU	81,490	–	81,490
Repayment of existing debts and payables	28,891	6,818	22,073
General working capital	21,120	21,120	–
	<u>131,501</u>	<u>27,938</u>	<u>103,563</u>

The remaining balance of unutilised net proceeds of approximately HK\$81,490,000 and HK\$22,073,000 as at 30 September 2020 is expected to be utilised for the potential strategic investment opportunity(ies) as set out in the Company’s announcement dated 18 September 2020 and for repayment of existing debts and payables by April 2021 according to the intentions previously disclosed in the Rights Issue Announcements respectively.

Save as disclosed above, the Company has applied the net proceeds from the Rights issue in accordance with the proposed intentions as set out in the Rights Issue Announcements.

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 have declared an interim dividend of HK0.8 cent per share for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil), which is payable on Wednesday, 13 January 2021 to the Shareholders whose names appear on the registers of members of the Company on Monday, 28 December 2020.

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 2020, 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 Codes A.1.1 and A.6.7 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.

Code provision A.6.7 of the Code

Code provision A.6.7 of the Code provides that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the company. Due to other pre-arranged business commitments and the circumstance under the COVID-19 outbreak, Mr. Shi Hua and Mr. Shi Jun, being Executive Director, Mr. Wang Hongjie, being Non-executive Director, and Mr. Yao Hong, being former Independent Non-Executive Director, were unable to attend the special general meeting of the Company held on 28 May 2020.

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 Ms. Hung Wan Fong, Joanne. 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 2020, 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.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed on Monday, 28 December 2020 for the purpose of determining the entitlement of the Shareholders to the interim dividend and no transfer of shares will be effected on that date. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Thursday, 24 December 2020. The interim dividend is payable on Wednesday, 13 January 2021 to the Shareholders whose names appear on the registers of members of the Company on Monday, 28 December 2020.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.anxianyuanchina.com. The interim report of the Company for the six months ended 30 September 2020 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, 27 November 2020

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 Ms. Hung Wan Fong, Joanne.

GLOSSARY

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

Anxian Yuan (Zhejiang)	安賢園(浙江)投資管理有限公司 (in English, for identification purpose, Anxian Yuan (Zhejiang) Investment Management Company Limited), a limited liability company established under the laws of the PRC
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
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 2020
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