



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)

INTERIM REPORT
2021

www.anxianyuanchina.com

* For identification purposes only

CONTENTS

	Page
CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	3
OTHER INFORMATION	7
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	14
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	15
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	16
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	20
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	21
GLOSSARY	35

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

Ms. Hung Wan Fong, Joanne

(appointed on 19 October 2020)

Mr. Yao Hong (resigned on 21 July 2020)

COMPANY SECRETARY

Mr. Law Fei Shing

AUDIT COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

(appointed on 19 October 2020)

Mr. Yao Hong (resigned on 21 July 2020)

REMUNERATION COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

(appointed on 19 October 2020)

Mr. Yao Hong (resigned on 21 July 2020)

NOMINATION COMMITTEE

Mr. Shi Hua (*Committee Chairman*)

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

(appointed on 19 October 2020)

Mr. Yao Hong (resigned on 21 July 2020)

AUTHORISED REPRESENTATIVES

Mr. Shi Hua

Mr. Law Fei Shing

AUDITOR

BDO Limited

Certified Public Accountants

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

PRINCIPAL BANKER

CMB 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

HONG KONG 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

“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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the net cash inflow was approximately HK\$151,825,000 (six months ended 30 September 2019: net cash inflow of approximately HK\$15,939,000). As at 30 September 2020, the cash and cash equivalents of the Group were approximately HK\$235,802,000 (31 March 2020: approximately HK\$77,657,000). The Group had short-term bank and other borrowings of approximately HK\$35,279,000 (31 March 2020: approximately HK\$49,250,000) and long-term bank and other borrowings of approximately HK\$103,969,000 (31 March 2020: approximately HK\$114,217,000) as at 30 September 2020.

On 30 July 2020, the Company 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 "Rights Issue"). The net proceeds from the Rights Issue after deduction of all relevant expenses of approximately HK\$1.8 million amounted to approximately HK\$131.5 million. The Board considers the Company intends to continue to focus on its cemetery business which the Directors believe will grow steadily in view of the aging PRC population, the continuous economic growth of the PRC and the enhanced spending power of PRC residents, and the Group will adhere to its initial intention to capture the growth opportunities in the funeral industry from the urbanisation and aging population in the PRC.

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.31 (31 March 2020: 0.36).

CHARGES ON ASSETS

As at 30 September 2020, certain properties under property, plant and equipment with an aggregate net carrying amount of approximately HK\$17,085,000 (31 March 2020: HK\$16,712,000) were pledged for the banking facilities granted to the Group.

As at 30 September 2020 and 31 March 2020, 98.38% equity interest in Zhejiang Anxian Yuan was pledged to secure the bank borrowings granted to this subsidiary.

LITIGATION

No outstanding litigation as at 30 September 2020 was noted.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL GUARANTEE

No outstanding financial guarantee of the Group as at 30 September 2020 was noted.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Period, the Group's businesses 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 2020, the Group had 12 employees (including Directors) (31 March 2020: 13 employees) and 300 employees (31 March 2020: 285 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\$17,764,000 (six months ended 30 September 2019: approximately HK\$19,351,000), of which contribution to mandatory provident fund accounted for approximately HK\$60,000 (six months ended 30 September 2019: approximately HK\$60,000).

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.

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MANAGEMENT DISCUSSION AND ANALYSIS

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 Issue").

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	Actual use of net proceeds up to 30 September 2020	Remaining balance of unutilised net proceeds
	HK\$'000	HK\$'000	HK\$'000
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	–
	131,501	27,938	103,563

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.

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 14 and 15 respectively.

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.

OTHER INFORMATION

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 2020, 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	55,445,000	2.50%	
	Interest of controlled corporation	1,243,880,616	56.00%	1
Mr. Shi Jun	Beneficial Owner	30,500,000	1.37%	
Mr. Law Fei Shing	Beneficial Owner	7,000,000	0.32%	

Notes:

- 1,243,880,616 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 1,243,880,616 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 2020 which was 2,221,363,150.

Save as disclosed above, as at 30 September 2020, 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 2020, 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 2)	Notes
Master Point Overseas Limited	Beneficial Owner	1,243,880,616	56.00%	1

Notes:

1. 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".
2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2020 which was 2,221,363,150.

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 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 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.

CHANGE OF DIRECTORSHIP

Mr. Yao Hong resigned as an independent non-executive director and a member of each of audit committee, remuneration committee and nomination committee of the Company with effect from 21 July 2020.

Ms. Hung Wan Fong, Joanne has been appointed as an independent non-executive director and a member of each of audit committee, remuneration committee and nomination committee of the Company with effect from 19 October 2020.

Further details of the change of directorship are set out in the Company's announcements dated 21 July 2020 and 16 October 2020.

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 2020 Annual Report is set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Directors	Details of Changes
Mr. Shi Jun	Upon recommendation of remuneration committee of the Company and the approval of the Directors of the board (the "Board"), the emoluments of Mr. Shi Jun has been increased from HK\$840,000 per annum to HK\$1,320,000 per annum and discretionary bonus in accordance with his service contract, with effect from 1 October 2020.
Mr. Law Fei Shing	Upon recommendation of remuneration committee of the Company and the approval of the Board, the emoluments of Mr. Law Fei Shing has been increased from HK\$1,200,000 per annum to HK\$1,320,000 per annum and discretionary bonus in accordance with his service contract, with effect from 1 October 2020.
Mr. Wang Hongjie	Upon recommendation of remuneration committee of the Company and the approval of the Board, the emoluments of Mr. Wang Hongjie has been increased from HK\$120,000 per annum to HK\$156,000 per annum and discretionary bonus in accordance with his service contract, with effect from 1 October 2020.
Mr. Chan Koon Yung	Upon recommendation of remuneration committee of the Company and the approval of the Board, the emoluments of Mr. Chan Koon Yung has been increased from HK\$120,000 per annum to HK\$156,000 per annum and discretionary bonus in accordance with his service contract, with effect from 1 October 2020.
Mr. Lum Pak Sum	Upon recommendation of remuneration committee of the Company and the approval of the Board, the emoluments of Mr. Lum Pak Sum has been increased from HK\$120,000 per annum to HK\$156,000 per annum and discretionary bonus in accordance with his service contract, with effect from 1 October 2020.

Save as disclosed above, there is no other information required to be disclosed herein pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

NON-COMPLIANCE WITH RULE 3.10(1) AND RULE 3.21 OF THE LISTING RULES

Following the resignation of Mr. Yao Hong, the Board was comprised of six (6) members with three (3) executive Directors, one (1) non-executive Director and two (2) independent non-executive Directors and the audit committee of the Company consisted of two (2) members. The Company failed to meet the requirement of having at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules. Further, the Company failed to fulfill the requirement on the minimum number of non-executive directors for the formation of the audit committee of the Board as stipulated in Rule 3.21 of the Listing Rules. As stated in the Company's announcement dated 21 July 2020, a suitable candidate is appointed as soon as practicable and, in any event, within the three-month period from 21 July 2020 pursuant to Rules 3.11 and 3.23 of the Listing Rules.

As disclosed in the Company's announcement on 16 October 2020, Ms. Hung Wan Fong, Joanne has been appointed as an Independent Non-executive Director and a member of each of audit committee, remuneration committee and nomination committee of the Company with effect from 19 October 2020.

Upon the appointment of Ms. Hung Wan Fong, Joanne with effect from 19 October 2020, the Company have fulfilled the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

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.

OTHER INFORMATION

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 2020 and the date of this report, the Company has maintained the prescribed minimum public float as required under the Listing Rules.

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

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.

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, 27 November 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

	Notes	Unaudited Six months ended 30 September	
		2020 HK\$'000	2019 HK\$'000
REVENUE	5	139,968	98,315
Cost of sales		(57,909)	(32,075)
Gross profit		82,059	66,240
Other income and gains	5	2,848	1,328
Selling and distribution expenses		(11,139)	(11,134)
Administrative expenses		(30,844)	(40,453)
Finance costs	7	(1,913)	(2,323)
PROFIT BEFORE INCOME TAX	6	41,011	13,658
Income tax expense	9	(11,030)	(7,242)
PROFIT FOR THE PERIOD		29,981	6,416
Profit/(Loss) for the period attributable to:			
Owners of the Company		29,026	6,726
Non-controlling interests		955	(310)
		29,981	6,416
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD			(restated)
Basic (HK cents)	11	1.96	0.74
Diluted (HK cents)	11	1.96	0.74

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 HK\$'000	Audited 31 March 2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	104,090	104,377
Right-of-use assets	12	2,923	2,537
Intangible assets	12	432,592	417,703
Goodwill		12,719	12,232
Equity investments		2,772	2,666
Cemetery assets	13	220,784	218,595
Total non-current assets		775,880	758,110
CURRENT ASSETS			
Inventories	14	245,926	228,859
Trade receivables	15	1,005	1,014
Prepayments, deposits and other receivables		4,653	3,389
Cash and cash equivalents		235,802	77,657
Total current assets		487,386	310,919
CURRENT LIABILITIES			
Trade payables	16	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	17	35,279	49,250
Tax payables		30,685	25,390
Total current liabilities		146,968	139,939
NET CURRENT ASSETS		340,418	170,980
TOTAL ASSETS LESS CURRENT LIABILITIES		1,116,298	929,090

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	103,969	114,217
Contract liabilities		23,953	21,330
Lease liabilities		875	744
Deferred tax liabilities		116,635	112,471
Total non-current liabilities		245,432	248,762
NET ASSETS		870,866	680,328
EQUITY			
Share capital	18	222,136	88,855
Reserves		611,364	556,480
Equity attributable to owners of the Company		833,500	645,335
Non-controlling interests		37,366	34,993
TOTAL EQUITY		870,866	680,328

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Unaudited										
	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium* HK\$'000	Equity investments at FVTOCI reserve* 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 2020	88,855	152,916	476	189,490	20,152	(55,126)	(10,687)	259,259	645,335	34,993	680,328
Profit for the Period	-	-	-	-	-	-	-	29,026	29,026	955	29,981
Other comprehensive income for the Period:											
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	27,532	-	-	27,532	1,418	28,950
Change in fair value of equity investments at fair value through other comprehensive income ("FVTOCI")	-	-	-	-	-	106	-	-	106	-	106
Total comprehensive income for the Period	-	-	-	-	-	27,638	-	29,026	56,664	2,373	59,037
Issue of shares upon completion of Rights issue (note 18(i))	133,281	(1,780)	-	-	-	-	-	-	131,501	-	131,501
At 30 September 2020	222,136	151,136	476	189,490	20,152	(27,488)	(10,687)	288,285	833,500	37,366	870,866

* These reserve accounts comprise the consolidated reserves as at 30 September 2020 in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	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	-	-	-	-	-	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	35,889	622,713

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Unaudited	
	Six months ended	Six months ended
	30 September 2020	30 September 2019
	HK\$'000	HK\$'000
Net cash flows generated from operating activities	51,785	39,460
Net cash flows generated from/(used in) investing activities	724	(7,657)
Net cash flows generated from/(used in) financing activities	99,316	(15,864)
NET INCREASE IN CASH AND CASH EQUIVALENTS	151,825	15,939
Cash and cash equivalents at beginning of period	77,657	34,999
Effect of foreign exchange rate changes, net	6,320	(1,748)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	235,802	49,190
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	235,802	49,190

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 HKAS 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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.

Annual improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

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 these condensed consolidated financial statements, 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 that applied to the Group's annual financial statements for the year ended 31 March 2020.

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	
	2020 HK\$'000	2019 HK\$'000
The PRC	139,968	98,315

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 2020

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

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

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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	
	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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

6. 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 (<i>note 8</i>)):		
– 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

* 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.

7. 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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	
	2020 HK\$'000	2019 HK\$'000
Fees	150	180
Other emoluments:		
Salaries, allowances and benefits in kind	1,860	1,860
Pension scheme contributions	18	18
	1,878	1,878
	2,028	2,058

(a) Independent Non-executive Directors

	Notes	Salaries, allowances and benefits in kind HK\$'000
Six months ended 30 September 2020		
Mr. Chan Koon Yung		60
Mr. Lum Pak Sum		60
Mr. Yao Hong	(i)	30
		150
Six months ended 30 September 2019		
Mr. Chan Koon Yung		60
Mr. Lum Pak Sum		60
Mr. Yao Hong		60
		180

There were no other emoluments payable to the Independent Non-executive Directors during the Period (six months ended 30 September 2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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 2020			
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 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

Notes:

(i) Resigned on 21 July 2020

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 2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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 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

10. 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.

11. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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\$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).

13. CEMETERY ASSETS

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

14. INVENTORIES

	Unaudited As at 30 September 2020 HK\$'000	Audited As at 31 March 2020 HK\$'000
Inventories – Tombs	245,926	228,859

As at 30 September 2020, inventories of approximately HK\$137,030,000 (31 March 2020: HK\$129,815,000) are expected to be recovered in more than one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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 loss allowance, is as follows:

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

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 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
	51,548	34,593

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

Unaudited
As at 30 September 2020

	Effective interest rate (%)	Maturity	HK\$'000
Current			
Current portion of long-term bank loans			
– guaranteed and secured (<i>note (a)</i>)	4.75	October 2020 – July 2021	29,589
Other borrowings			
– unsecured (<i>note (b)</i>)	12.00	September 2022 with repayment on demand clause	5,690
			35,279
Non-current			
Bank loans			
– guaranteed and secured (<i>note (a)</i>)	4.75	October 2021 – July 2024	103,969
			139,248

Audited
As at 31 March 2020

	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans			
– secured (<i>note (c)</i>)	5.66-6.09	September 2020	5,472
Current portion of long-term bank loans			
– guaranteed and secured (<i>note (a)</i>)	4.75	April 2020 – January 2021	27,361
Other borrowings			
– guaranteed and secured (<i>note (d)</i>)	5.00	June 2020	10,945
– unsecured (<i>note (b)</i>)	12.00	September 2022 with repayment on demand clause	5,472
			49,250
Non-current			
Bank loans			
– guaranteed and secured (<i>note (a)</i>)	4.75	April 2021 – July 2024	114,217
			163,467

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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

	Unaudited As at 30 September 2020 HK\$'000	Audited As at 31 March 2020 HK\$'000
Based on the repayment schedules and analysed into:		
Bank loans repayable:		
Within one year or on demand	29,589	32,833
In the second year	34,140	30,645
In the third to fifth years, inclusive	69,829	83,572
	133,558	147,050
Other borrowings repayable:		
Within one year or on demand	–	10,945
In the second year	5,690	–
In the third to fifth years, inclusive	–	5,472
	5,690	16,417
	139,248	163,467

Notes:

- (a) As at 30 September 2020, the Group's bank loans amounting to HK\$133,558,000 (31 March 2020: HK\$141,578,000) are secured by 98.38% equity interests in a subsidiary of the Company and properties owned by a related company in which one of the Executive Directors has control, together with the rental income receivables from these properties and guaranteed by a subsidiary.
- (b) The balance is unsecured and due in September 2022. As this loan contains a repayment on demand clause, it is classified as current liabilities accordingly.
- (c) As at 31 March 2020, the balance was secured by certain property, plant and equipment with net carrying amount of HK\$4,138,000. It has been fully repaid during the Period.
- (d) As at 31 March 2020, the balance represented a discounted bill which was secured by certain property, plant and equipment with net carrying amount of HK\$12,574,000 and guaranteed by a subsidiary of the Group. It has been fully repaid during the Period.
- (e) All borrowings are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

18. 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	222,136	88,855

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>)	1,332,818	133,281
At 30 September 2020	2,221,363	222,136

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.

19. CAPITAL COMMITMENTS

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

	Unaudited As at 30 September 2020 HK\$'000	Audited As at 31 March 2020 HK\$'000
Contracted, but not provided for: Project construction	19,213	437

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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

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

21. 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.

22. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 27 November 2020.

GLOSSARY

In this interim report, 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)

GLOSSARY

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