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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the Year together with the comparative figures for the year ended 31 March 2021 as follows:

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	5	310,947	298,742
Cost of sales		<u>(88,297)</u>	<u>(83,831)</u>
Gross profit		222,650	214,911
Other income and gains	5	6,241	6,008
Selling and distribution expenses		(25,386)	(27,434)
Administrative expenses		(92,118)	(76,319)
Finance costs	7	<u>(3,381)</u>	<u>(3,003)</u>
PROFIT BEFORE INCOME TAX	6	108,006	114,163
Income tax expense	8	<u>(36,720)</u>	<u>(32,872)</u>
PROFIT FOR THE YEAR		<u>71,286</u>	<u>81,291</u>
Profit/(Loss) for the year attributable to:			
Owners of the Company		73,125	80,295
Non-controlling interests		<u>(1,839)</u>	<u>996</u>
		<u>71,286</u>	<u>81,291</u>
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR			
Basic and diluted (<i>HK cents</i>)	10	<u>3.29</u>	<u>4.35</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PROFIT FOR THE YEAR	71,286	81,291
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	37,955	62,289
Item that may not be reclassified subsequently to profit or loss:		
Change in fair value of equity investments at fair value through other comprehensive income	839	(1,593)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	38,794	60,696
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	110,080	141,987
Total comprehensive income for the year attributable to:		
Owners of the Company	111,308	138,121
Non-controlling interests	(228)	3,866
	111,080	141,987

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	103,166	106,926
Right-of-use assets	11	1,751	2,728
Intangible assets	11	463,844	448,228
Goodwill		13,611	13,223
Equity investments		2,282	1,073
Cemetery assets	12	229,479	225,305
Loan to non-controlling shareholder		2,114	2,658
		<u>816,247</u>	<u>800,141</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		308,651	281,143
Trade receivables	13	1,509	1,446
Prepayments, deposits and other receivables		1,956	2,143
Loan to non-controlling shareholder		1,433	608
Cash and cash equivalents		209,865	255,936
		<u>523,414</u>	<u>541,276</u>
Total current assets			
CURRENT LIABILITIES			
Trade payables	14	42,669	47,158
Other payables and accruals		9,274	7,938
Contract liabilities		25,102	23,823
Interest-bearing bank and other borrowings		12,330	39,045
Lease liabilities		788	1,233
Tax payables		50,729	46,086
		<u>140,892</u>	<u>165,283</u>
Total current liabilities			
NET CURRENT ASSETS			
		<u>382,522</u>	<u>375,993</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,198,769</u>	<u>1,176,134</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 March 2022*

	2022 HK\$'000	2021 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	36,202	90,348
Contract liabilities	32,155	26,376
Lease liabilities	130	806
Deferred tax liabilities	126,363	122,559
	<hr/>	<hr/>
Total non-current liabilities	194,850	240,089
	<hr/>	<hr/>
NET ASSETS	1,003,919	936,045
	<hr/>	<hr/>
EQUITY		
Share capital	222,136	222,136
Reserves	743,152	675,050
	<hr/>	<hr/>
Equity attributable to owners of the Company	965,288	897,186
Non-controlling interests	38,631	38,859
	<hr/>	<hr/>
TOTAL EQUITY	1,003,919	936,045
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. BASIS OF PREPARATION

These financial statements of Anxian Yuan China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”)) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These financial statements have been prepared under historical cost convention, except for equity investments which were stated at fair value.

2. ADOPTION OF AMENDED HKFRSs

In the current year, the Group has applied or early adopted for the first time the following amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2021.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

3. NEW OR AMENDED HKFRSs THAT HAVE BEEN ISSUED BUT NOT YET EFFECTIVE

The following amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes when they become effective for the accounting period beginning on or after 1 April 2021.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Disclosure of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction 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	Reference to the Conceptual Framework ¹
HKFRSs 2018-2020	Annual Improvements to HKFRSs 2018-2020 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 directors of the Company have performed an assessment on the above amendments to standards and interpretations and have concluded on a preliminary basis that these amendments would not have a significant impact on the Group’s consolidated financial statements in subsequent years.

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*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The PRC	310,947	298,742

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

(b) *Non-current assets*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	847	1,598
The PRC	811,004	794,812
	811,851	796,410

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

Information about major customers

For the year ended 31 March 2022, no (2021: Nil) revenue from a single customer accounted for 10% or more of the Group's revenue.

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).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue by products and services		
Sales of tombs and niches	284,819	269,960
Management fee income	3,963	3,806
Burial services	22,165	24,976
	<u>310,947</u>	<u>298,742</u>
Timing of revenue recognition		
At point in time	284,819	269,960
Over time	26,128	28,782
	<u>310,947</u>	<u>298,742</u>
Other income and gains		
Gain on disposal of property, plant and equipment, net	20	396
Government grants (<i>note</i>)	1,397	2,066
Bank interest income	3,156	2,429
Imputed interest income from loan to non-controlling shareholder	141	64
Others	1,527	1,053
	<u>6,241</u>	<u>6,008</u>

Note: The government grants for the years ended 31 March 2022 and 2021 represents the grants mainly in relation to PRC taxable subsidies and eco-friendly crematory cash incentives, of which the Group complied with all attached conditions and therefore such grants were recognised as other income during the years.

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold recognised as expense, including	69,389	62,699
– Reversal of write-down of inventories to net realisable value	–	(379)
Cost of services provided	7,483	10,101
Employee benefit expense (excluding directors' and chief executives' remuneration):		
– Wages and salaries**	43,134	41,010
Amortisation of intangible assets*	3,227	3,230
Amortisation of cemetery assets*	8,198	7,801
Auditor's remuneration	880	860
Depreciation:		
– Property, plant and equipment	10,387	9,794
– Right-of-use assets	2,470	1,976
Fair value loss on initial recognition of loan to non-controlling shareholder	–	339
	<u> </u>	<u> </u>

* *Amortisations of intangible assets and cemetery assets for the years are included in "Cost of sales" in the consolidated statement of profit or loss.*

** *For the year ended 31 March 2022, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (2021: Nil). As at 31 March 2022, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the Mandatory Provident Fund retirement benefit scheme (2021: Nil).*

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on lease liabilities	136	164
Interest on interest-bearing bank and other borrowings	5,068	7,327
Less: Interest capitalised	<u>(1,823)</u>	<u>(4,488)</u>
	<u> </u>	<u> </u>
	<u>3,381</u>	<u>3,003</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.35% (2021: 5.24%) per annum to the expenditure on qualifying assets.

8. 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 (2021: Nil).

No (2021: Nil) provision for Hong Kong profits tax has been made as the Group had no (2021: Nil) assessable profits derived from or earned in Hong Kong during the year.

Provision for the PRC current income tax is based on the statutory rate of 25% (2021: 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:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Current tax – PRC Corporate Income Tax		
– Tax for the year in the PRC	35,251	29,747
– Under-provision in prior year	–	142
PRC dividend withholding tax	2,437	2,045
Deferred tax	(968)	938
	<hr/>	<hr/>
Total income tax expense for the year	36,720	32,872
	<hr/>	<hr/>

A reconciliation of the income tax expense applicable to profit before income tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Profit before income tax	108,006	114,163
	<hr/>	<hr/>
Tax at the statutory tax rate of 25% (2021: 25%)	27,002	28,541
Effect of withholding tax on distributable profit of the Group's PRC subsidiaries	2,437	2,045
Tax effect of different taxation rates in other tax jurisdictions	1,107	990
Tax effect of non-taxable income	(205)	(514)
Tax effect of non-deductible expenses	2,292	1,717
Tax effect of tax losses not recognised	4,087	1,962
Tax effect of utilisation of tax losses not previously recognised	–	(2,011)
Under-provision in respect of prior year	–	142
	<hr/>	<hr/>
Income tax expense	36,720	32,872
	<hr/>	<hr/>

9. DIVIDENDS

- (i) Dividends declared to equity shareholders of the Company attributable to the year:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Interim dividend declared and paid of HK0.9 cent (2021: HK0.8 cent) per ordinary share	19,992	17,771
Final dividend proposed of HK0.9 cent (2021: HK1.0 cent) per ordinary share after the end of the reporting period	<u>19,992</u>	<u>22,214</u>
	<u>39,984</u>	<u>39,985</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Final dividend paid in respect of the previous financial year, approved and paid during the year, of HK1.0 cent (2021: Nil) per share	<u>22,214</u>	<u>–</u>

The proposed final and interim dividends in respect of year ended 31 March 2021 and six months period ended 30 September 2021 respectively was paid as appropriations of contributed surplus reserve of the Company during the year ended 31 March 2022.

10. 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 year attributable to owners of the Company over the weighted average number of ordinary shares of 2,221,363,000 (2021: 1,845,212,000) in issue during the year.

There was no potential dilutive ordinary shares outstanding during the years ended 31 March 2022 and 2021 and hence the diluted earnings per share is the same as basic earnings per share.

The calculations of basic and diluted earnings per share are based on:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company		
used in the basic and diluted earnings per share calculation	73,125	80,295
	Number of shares 2022 <i>('000)</i>	Number of shares 2021 <i>('000)</i>
Shares		
Weighted average number of ordinary shares in issue during the year used in basic and diluted earnings per share calculation	2,221,363	1,845,212

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

During the year, the Group acquired items of property, plant and equipment with a cost of HK\$2,299,000 (2021: HK\$4,436,000). Items of property, plant and equipment with a net carrying value of HK\$15,000 (2021: HK\$178,000) were disposed of during the year, resulting in a gain on disposal of HK\$20,000 (2021: HK\$396,000). Items of property, plant and equipment with a net carrying value of Nil (2021: Nil) were written off during the year.

No (2021: Nil) properties under property, plant and equipment were pledged for certain interest-bearing bank and other borrowings at the end of the reporting period.

In addition, the Group has entered into new lease agreements and renewed some lease agreements during the year. Right-of-use assets amounted to HK\$1,069,000 (2021: HK\$1,626,000) and HK\$1,141,000 (2021: HK\$453,000) has been recognised for the year respectively.

No (2021: Nil) additions to intangible assets was made during the year.

12. CEMETERY ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Land costs	20,196	20,135
Landscape facilities	209,283	205,170
	<u>229,479</u>	<u>225,305</u>

13. TRADE RECEIVABLES

Ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, if any, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 60 days	667	612
61 to 180 days	5	31
Over 1 year	837	803
	<u>1,509</u>	<u>1,446</u>

14. TRADE PAYABLES

Ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	2,653	40,798
91 to 180 days	11,842	1,066
181 to 365 days	13,694	10
Over 1 year	14,480	5,284
	<u>42,669</u>	<u>47,158</u>

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 year.

(a) Other transactions with related parties

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Consultancy fee to a related company in which one of the executive directors has control (<i>notes (i) and (ii)</i>)	2,405	2,748
Rental payment to a related company in which one of the executive directors has control (<i>notes (i) and (iii)</i>)	535	–
Carpark fee to a related company in which a close family member of one of the executive directors has control (<i>notes (i) and (iv)</i>)	15	–
Service fee to a related company in which a key management personnel of a major subsidiary has control (<i>notes (i) and (v)</i>)	<u>1,166</u>	<u>–</u>

Notes:

- (i) These transactions constitute a de minimis transactions under Rule 14A.76(1)(c) of Chapter 14A of the Listing Rules and are therefore fully exempted from all disclosure requirements.
- (ii) These transactions related to consultancy fee paid to a related party in which one of the executive directors has control. As at 31 March 2022, the balance of consultancy fee payable is nil (2021: HK\$30,000) was included in other payable.
- (iii) These rental expenses related to rental payment to related party in which one of the executive directors has control.
- (iv) These carpark expenses related to carpark payment to related party in which a close family member of one of the executive directors has control.
- (v) The service fee related to cemetery services expenses to related party in which a key management personnel of a major subsidiary has control.

(b) Compensation of key management personnel of the Group

The directors of the Company 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.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

“Let there be a careful attention to perform the funeral rites to ancestors, and let them be followed when long gone with the ceremonies of sacrifice” is a fine tradition of the Chinese people, which has been passed down for thousands of generations. As one of the most solemn rituals in the life of Chinese people, funeral is not only a proper placement of the deceased, but also a way to send people’s thoughts and condolences to the deceased. Therefore, the funeral rituals with “filial piety” at its core have been deeply rooted in the Chinese culture.

According to the 7th National Census of the PRC, the aging of the population is accelerating and it is expected that the proportion of China’s aging population (65 years old and above) will reach about 18% by 2030. The rise of per capita disposable income boosts the public’s sentimental demands and quality pursuits for funeral services, which promotes the stable and rapid development of the funeral service industry in China.

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 the deceased can rest in peace, the living can send their condolences and every customer can feel the dignity of life.

During the period under review, under the leadership of the Board, the Group continued to adhere to its people-oriented business philosophy, and provided funeral services under the normalisation of epidemic prevention and control. During the peak of tomb visits, 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 successfully completed the reception work during the peak of Qing Ming Festival and Winter Solstice by actively promoting the remote worship services such as virtual “Cloud Worship” and “Valet Tomb Visits”. In terms of performance, the Group, against such challenging environment, grasped the nettle and successfully completed its annual operation targets with optimum condition achieved in financial position and asset quality since its inception. As a pioneer in the industry, the Group has actively assumed its corporate, social, industry, historical and public responsibilities by continually taking practical action to promote life education and services in the community on the basis of humanistic commemoration and public welfare development. 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 humanities memorial activities with the theme of patriotism and green funeral campaigns, which have been well acclaimed by all sectors.

Green and low carbon is not only the trend but the requirement in this new era. The Group has always been providing products and services with the concept of green funeral and burial and unremittingly guiding the public to change the traditional burial and grave-visiting rituals to a land-saving, ecological, environment-friendly, convention-changing and economical way so that the green funeral service industry would grow healthily and orderly, making contribution to the establishment of a sound economic system with green, low-carbon and circular development and the transformation of economy and society to green development in an all-round way.

Looking forward, in addition to pursuing growth of the existing projects in stability, the Group will also strive to expand its funeral services scope by exploring new business model so as to gradually build a overall operating landscape integrating funeral and burial services. Moreover, the Group will further unearth the brand value and enhance its corporate image, and become stronger and revitalize the capital market by further improving its operation mechanism. By fulfilling its mission in this new era as a funeral and burial service provider, the Group strives to facilitate the progression of modernized, ecological and humanistic reformation of funerals and burials to the green burial, so that the deceased can rest in peace and the living can send their condolences. Forging ahead, by adhering to the business philosophy of “people-oriented, culture-based, scientific-minded and service-purposed”, we will stay true to our original aspirations and advance amidst uncertainties and changes, so as to build the Group a first-tier brand in the funeral and burial industry in the PRC.

FINANCIAL REVIEW

For the Year, the Group recorded net profit of approximately HK\$71.3 million (2021: approximately HK\$81.3 million) and revenue of approximately HK\$310.9 million (2021: approximately HK\$298.7 million). The Group’s earnings before interest and tax was approximately HK\$111.4 million (2021: approximately HK\$117.2 million). Decrease in the Group’s net profit by approximately HK\$10 million year-on-year was mainly due to:

- (i) Total revenue and gross profit for the year ended 31 March 2022 increased to HK\$310.9 million (2021: HK\$298.7 million) and HK\$222.7 million (2021: HK\$214.9 million) compared with the previous year respectively. The increase in revenue and gross profit was mainly due to appreciation of RMB against HK\$ but offset the lower sales in Zunyi Dashenshan. Revenue for Zunyi Dashenshan decreased to HK\$32.8 million (2021: HK\$43.5 million) compared with last year as the number of tombs sold in Zunyi Dashenshan was decreased by 38%.
- (ii) Selling and distribution expenses decreased from HK\$27.4 million to HK\$ 25.4 million compared with last year. It was mainly due to selling expenses in Zunyi Dashenshan was decreased but offset additional promotion expense was incurred for developing cemetery market.
- (iii) Administrative expenses increased from HK\$76.3 million to HK\$92.1 million compared with last year. Such increase was mainly due to (a) maintenance cost to repair tombs and niches and (b) Value Added Tax and related tax expenses imposed by Zunyi Tax Bureau.

Of the total revenue of approximately HK\$310.9 million (2021: approximately HK\$298.7 million), sales of tombs and niches amounted to approximately HK\$284.8 million (2021: approximately HK\$270.0 million).

Total assets and net assets of the Group as at 31 March 2022 were approximately HK\$1,339.7 million (2021: approximately HK\$1,341.4 million) and approximately HK\$1,003.9 million (2021: approximately HK\$936.0 million) respectively. The increase in net assets was mainly due to increase in net profit and appreciation of RMB against HK\$.

RIGHTS ISSUE AND USE OF THE NET PROCEEDS

On 25 March 2020, the Company announced that the Board proposed to 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. 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, 30 July 2020 and 18 September 2020, Company’s circular dated 29 April 2020 and Company’s prospectus dated 8 July 2020 (collectively “Rights Issue Documents”).

Pursuant to the Company’s announcements dated 26 November 2021 and 8 December 2021 in relation to the change in use of proceeds from Rights Issue, in light of the current market conditions, the Board has resolved that it would be in the best interest of the Company and the Shareholders to reallocate the unutilized net proceeds of HK\$81,490,000 which was originally allocated for potential strategic investment opportunity(ies) to (i) the repayment of existing debts and payables, which will allow the Group to lower its gearing ratio, reduce its interest expenses and financing costs and to achieve greater flexibility on the allocation of the Group’s internal resources for the daily operation of the Group; and (ii) as general working capital to meet the Group’s business development and allow the Group to deploy its financial resources to cope with the economic uncertainties in the future.

The following table sets out the details of the intended use of net proceeds as stated in the Rights Issue Documents, the reallocation of unutilized net proceeds as stated in the Company's announcements dated 26 November 2021 and 8 December 2021, the actual use of net proceeds up to 31 March 2022, the remaining balance of unutilised net proceeds as at 31 March 2022 and the expected timeline for utilising the remaining unutilised net proceeds:

Original intended use of net proceeds	Intended use of net proceeds as stated in the Rights Issue Documents (%) <i>HK\$'000</i>	Reallocation of unutilized net proceeds as stated in the Company's announcements	Actual use of net proceeds up to 31 March 2022 <i>HK\$'000</i>	Remaining balance of unutilised net proceeds as at 31 March 2022 <i>HK\$'000</i>	Expected timeline for utilization <i>(Note)</i>
		dated 26 November 2021 and 8 December 2021 <i>HK\$'000</i>			
Potential opportunity(ies) in strategic investment	81,490 (62%)	(81,490)	-	-	-
Repayment of existing debts and payables	28,891 (22%)	60,000	41,656	47,235	By 30 April 2023
General working capital	21,120 (16%)	21,490	42,610	-	-
	<u>131,501</u>	<u>-</u>	<u>84,266</u>	<u>47,235</u>	

Note: The expected timeline for using the unutilised net proceeds is based on the best estimation of the present and future business market situations made by the Board, and it will be subject to changes based on the future development of market conditions.

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 Documents.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY & LISTED SECURITIES

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for securities transactions by the Directors. The Company had made specific enquiry to all the Directors and they had confirmed compliance with the Model Code throughout the Year. No incident of non-compliance was noted by the Company during the Year.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules. The CG Code has been amended with effect from 1 January 2022. The revised CG Code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. As this Corporate Governance Report covers the Year, all the corporate governance principles and code provisions mentioned herein refer to those stated in the CG Code before the amendments, not the revised CG Code. The Board considers that during the Year, the Company has complied with the code provisions set out in the CG Code except for the deviation from code provisions A.1.1 of the CG Code as specified with considered reasons for such deviation as explained below. The Board will continue to review the corporate governance status of the Company from time to time and make any necessary changes to comply with the CG Code.

Compliance with Code on Corporate Governance Practices

During the Year, the Board has adopted and complied with the code provisions of the CG Code in so far as they are applicable except for the following deviation.

Code provision A.1.1 of the CG Code

Code provision A.1.1 of the CG 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 Year, only two regular board meetings were held to review and discuss the annual and interim results and operating performance, and considering and approving the overall strategies and policies of the Company. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary. However, apart from the regular board meetings of the Year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. During the Year, management provided all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

Corporate Governance Structure

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are 3 board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

FINAL DIVIDEND

The Board has recommended the declaration of a final dividend of HK0.9 cent per share for the year ended 31 March 2022 (2021: HK1.0 cent per share) to the Shareholders. The proposed final dividend is subject to approval by the Shareholders at AGM to be held on Thursday, 22 September 2022. Upon Shareholders' approval, the proposed final dividend will be paid on Thursday, 20 October 2022 to the Shareholders whose names shall appear on the register of members of the Company on Wednesday, 28 September 2022.

Together with the interim dividend of HK0.9 cent per share (2021: HK0.8 cent per share) which was declared and paid by the Company on 10 January 2022, the total dividend for the year ended 31 March 2022 will amount to HK1.8 cents per share (2021: HK1.8 cents per share).

CLOSURE OF REGISTERS OF MEMBERS

The proposed final dividend is subject to the passing of an ordinary resolution by the Shareholders at the forthcoming AGM which to be held on Thursday, 22 September 2022. The registers of members of the Company will be closed on Wednesday, 28 September 2022 for the purpose of determining the entitlement of the Shareholders to the proposed final dividend and no transfer of shares will be effected on that date.

In order to qualify for the proposed final 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 (if the transfer will be lodged before 15 August 2022) **OR** 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (if the transfer will be lodged on or after 15 August 2022) before 4:30 p.m. on Tuesday, 27 September 2022.

Remarks:

The address of the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Abacus Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong with effect from 15 August 2022. For details, please refer to the Company's announcement to be made in due course.

AUDIT COMMITTEE

The Audit Committee, comprising all the three Independent Non-executive Directors, has reviewed with management of the Company the principal accounting policies adopted by the Group and discussed the risk management and internal control and financial reporting matters, including a review of the audited consolidated financial statements, for the Year.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.anxianyuanchina.com), respectively. The annual report of the Company for the year ended 31 March 2022 containing all the information required under the Listing Rules will be dispatched to the Shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
ANXIAN YUAN CHINA HOLDINGS LIMITED
SHI HUA
Chairman

Hong Kong, 30 June 2022

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; 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 of annual results (other than the financial statements from pages 1 to 14), the following expressions shall have the following meanings unless the context otherwise requires:

AGM	annual general meeting
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
Audit Committee	the audit committee of the Company
Board	the board of Directors
Bye-laws	the bye-laws of the Company, as amended from time to time
CG Code	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
Chairman	the chairman of the Board
Chief Executive Officer	the chief executive officer of the Company
Company/Anxian Yuan	Anxian Yuan China Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Company Secretary	the company secretary of the Company
Director(s)	the director(s) of the Company
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
Hangzhou Fuyixian	杭州富亦賢科技有限公司 (in English, for identification purposes, Hangzhou Fuyixian Technology Company Limited), a limited liability company established under the laws of the PRC

HKAS	the Hong Kong Accounting Standards issued by the HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by the HKICPA
HKICPA	the Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Non-executive Director(s)	the independent non-executive Director(s)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Nomination Committee	the nomination committee of the Company
Non-executive Director(s)	the non-executive Director(s)
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
Remuneration Committee	the remuneration committee of the Company
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SGM	Special general meeting of the Company
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
Year	the year ended 31 March 2022

Yin Chuan Fu Shou Yuan	銀川福壽園人文紀念園有限公司 (in English, for identification purpose, Yin Chuan Fu Shou Yuan Humanistic Cultural Memorial Park Co. Ltd.), a limited liability company established under the laws of the PRC
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
Zunyi Dashenshan	遵義詩鄉大神山生態陵園有限公司 (in English, for identification purpose, Zunyi Shixiang Dashenshan Cemeteries Co. Ltd.), 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
US\$	United States dollars, the lawful currency of USA
%	per cent