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ANXIAN YUAN CHINA HOLDINGS LIMITED

安賢園中國控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00922)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The Board of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2022 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2022

		Unaudited Six months ended 30 September	
	<i>Notes</i>	2022	2021
		HK\$'000	HK\$'000
REVENUE	4	142,952	156,096
Cost of sales		<u>(43,073)</u>	<u>(49,220)</u>
Gross profit		99,879	106,876
Other income and gains	4	1,787	2,879
Selling and distribution expenses		(16,639)	(15,204)
Administrative expenses		(37,495)	(39,225)
Finance costs	6	<u>(780)</u>	<u>(2,263)</u>
PROFIT BEFORE INCOME TAX	5	46,752	53,063
Income tax expense	7	<u>(13,242)</u>	<u>(18,079)</u>
PROFIT FOR THE PERIOD		<u>33,510</u>	<u>34,984</u>

* *For identification purposes only*

		Unaudited	
		Six months ended	
		30 September	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) for the period attributable to:			
Owners of the Company		33,423	35,383
Non-controlling interests		87	(399)
		<hr/> 33,510	<hr/> 34,984
EARNINGS PER SHARE FOR PROFIT			
ATTRIBUTABLE TO OWNERS OF THE			
COMPANY FOR THE PERIOD			
Basic and diluted (<i>HK cents</i>)	<i>9</i>	<hr/> 1.50	<hr/> 1.59

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	33,510	34,984
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	(102,670)	12,371
Change in fair value of equity investments at fair value through other comprehensive income	(154)	15
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(102,824)	12,386
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(69,314)	47,370
Total comprehensive income for the period attributable to:		
Owners of the Company	(65,405)	47,204
Non-controlling interests	(3,909)	166
	(69,314)	47,370

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		Unaudited 30 September 2022 <i>HK\$'000</i>	Audited 31 March 2022 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	87,999	103,166
Right-of-use assets	<i>10</i>	806	1,751
Intangible assets	<i>10</i>	414,446	463,844
Goodwill		12,357	13,611
Equity investments		2,128	2,282
Cemetery assets	<i>11</i>	203,649	229,479
Loan to non-controlling shareholder		1,257	2,114
		<hr/>	<hr/>
Total non-current assets		722,642	816,247
CURRENT ASSETS			
Inventories		265,034	308,651
Trade receivables	<i>12</i>	980	1,509
Prepayments, deposits and other receivables		2,159	1,956
Loan to non-controlling shareholder		1,219	1,433
Cash and cash equivalents		241,488	209,865
		<hr/>	<hr/>
Total current assets		510,880	523,414
CURRENT LIABILITIES			
Trade payables	<i>13</i>	39,440	42,669
Other payables and accruals		13,151	9,274
Contract liabilities		22,558	25,102
Interest-bearing bank borrowings		11,432	12,330
Lease liabilities		471	788
Tax payables		45,632	50,729
Dividends payable	<i>8(b)</i>	19,992	–
		<hr/>	<hr/>
Total current liabilities		152,676	140,892
NET CURRENT ASSETS		<hr/> 358,204 <hr/>	<hr/> 382,522 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,080,846 <hr/>	<hr/> 1,198,769 <hr/>

		Unaudited	Audited
		30 September	31 March
		2022	2022
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		23,794	36,202
Contract liabilities		30,119	32,155
Lease liabilities		91	130
Deferred tax liabilities		112,229	126,363
		<hr/>	<hr/>
Total non-current liabilities		166,233	194,850
		<hr/>	<hr/>
NET ASSETS		914,613	1,003,919
		<hr/>	<hr/>
EQUITY			
Share capital	<i>14</i>	222,136	222,136
Reserves		657,755	743,152
		<hr/>	<hr/>
Equity attributable to owners of the Company		879,891	965,288
Non-controlling interests		34,722	38,631
		<hr/>	<hr/>
TOTAL EQUITY		914,613	1,003,919
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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, the Chairman and Executive Director, as at 30 September 2022.

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 2022.

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 2022. 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:

HKFRSs 2018-2020	Annual Improvements to HKFRSs 2018-2020
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework

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

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) *Disaggregated revenue from external customers*

	Unaudited Six months ended 30 September 2022 HK\$'000	2021 HK\$'000
The PRC	142,952	156,096

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

(b) *Non-current assets*

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Hong Kong	430	847
The PRC	718,827	811,004
	719,257	811,851

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

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 2022 (six months ended 30 September 2021: Nil).

4. REVENUE, OTHER INCOME AND GAINS

Disaggregation of revenue from contracts with customers

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

	Unaudited Six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Revenue by products and services		
Sales of tombs and niches	129,391	142,610
Management fee income	2,084	1,915
Burial services	11,477	11,571
	<u>142,952</u>	<u>156,096</u>
Timing of revenue recognition		
A point in time	129,391	142,610
Over time	13,561	13,486
	<u>142,952</u>	<u>156,096</u>
Other income and gains		
Gain on disposal of property, plant and equipment, net	3	20
Bank interest income	1,203	1,686
Others	581	1,173
	<u>1,787</u>	<u>2,879</u>

5. PROFIT BEFORE INCOME TAX

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

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Cost of inventories sold	34,205	39,197
Cost of services provided	3,359	4,014
Employee benefit expense (excluding Directors' and chief executive's remuneration):		
– Wages and salaries	17,503	17,818
Amortisation of intangible assets*	1,547	1,578
Amortisation of cemetery assets*	3,962	4,430
Auditor's remuneration	400	400
Depreciation		
– Property, plant and equipment	4,951	5,166
– Right-of-use assets [#]	1,155	954
Exchange losses, net	839	13
	34,205	39,197

* 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\$398,000 (six months ended 30 September 2021: HK\$265,000) and HK\$757,000 (six months ended 30 September 2021: HK\$689,000) are included in "Selling and distribution expenses" and "Administrative expenses" respectively.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Interest on lease liabilities	23	80
Interest on interest-bearing bank and other borrowings	992	3,154
Less: Interest capitalised	(235)	(971)
	780	2,263

7. INCOME TAX EXPENSE

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

Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in that jurisdiction (six months ended 30 September 2021: 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 2021: Nil).

Provision for the PRC current income tax is based on the statutory rate of 25% (six months ended 30 September 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:

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
Income tax in the PRC for the Period	14,495	18,162
PRC dividend withholding tax	1,495	–
Deferred tax	(2,748)	(83)
	<u>13,242</u>	<u>18,079</u>
Total income tax expenses for the Period	<u>13,242</u>	<u>18,079</u>

8. DIVIDEND

The Directors have declared an interim dividend of HK0.5 cent per share for the six months ended 30 September 2022 (six months ended 30 September 2021: HK0.9 cent per share), which is payable on Thursday, 5 January 2023 to the Shareholders whose names appear on the registers of members of the Company on Monday, 12 December 2022.

(a) Dividend attributable to the Period:

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Interim dividend of HK0.5 cent (2021: HK0.9 cent) per share declared	<u>11,107</u>	<u>19,992</u>

The interim dividend was proposed after the end of the relevant financial period and has not been recognized as a liability at the end of the relevant financial period.

- (b) At a meeting held on 30 June 2022, the Directors proposed a final dividend of HK0.9 cent per ordinary share for the year ended 31 March 2022 (31 March 2021: HK1.0 cent), which was estimated to be HK\$19,992,000 at the time calculated on the basis of the ordinary share in issue as at 31 March 2022. The final dividend was approved by Shareholders at the annual general meeting on 22 September 2022.

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

The calculation of the basic earnings per share is based on the profit for the Period attributable to owners of the Company of HK\$33,423,000 (six months ended 30 September 2021: HK\$35,383,000), and the weighted average number of ordinary shares of 2,221,363,000 (six months ended 30 September 2021: 2,221,363,000) in issue during the Period.

For the six months ended 30 September 2022, there was no dilutive potential ordinary shares (six months ended 30 September 2021: Nil) and hence the diluted earnings per share is the same as basic earnings per share.

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

During the Period, the Group acquired items of property, plant and machinery with a cost of HK\$227,000 (six months ended 30 September 2021: HK\$1,373,000). Items of property, plant and machinery with a net carrying value of HK\$0 were disposed of during the Period (six months ended 30 September 2021: HK\$16,000), resulting in a gain on disposal of HK\$3,000 (six months ended 30 September 2021: gain of HK\$20,000).

No property, plant and equipment were pledged for the banking facilities granted by the banks at the end of the Period (31 March 2022: Nil).

In addition, the Group has entered into new lease agreements during the Period. Right-of-use assets amounted to HK\$117,000 (six months ended 30 September 2021: HK\$671,000) has been recognised for the Period accordingly.

No additions to intangible assets was made during the Period (six months ended 30 September 2021: Nil).

11. CEMETERY ASSETS

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Land costs	17,659	20,196
Landscape facilities	185,990	209,283
	203,649	229,479

12. TRADE RECEIVABLES

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

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Within 60 days	230	667
61 to 180 days	–	5
Over 1 year	750	837
	<hr/> 980	<hr/> 1,509

13. TRADE PAYABLES

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

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Within 90 days	7,407	2,653
91 to 180 days	2,661	11,842
181 to 365 days	13,091	13,694
Over 1 year	16,281	14,480
	<hr/> 39,440	<hr/> 42,669

14. SHARE CAPITAL

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Issued and fully paid: 2,221,363,000 (31 March 2022: 2,221,363,000) ordinary shares	<hr/> 222,136	<hr/> 222,136

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

	Number of shares ('000)	Nominal value HK\$'000
At 31 March 2022 and 30 September 2022	<hr/> 2,221,363	<hr/> 222,136

15. RELATED PARTY TRANSACTIONS

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

(a) Other transactions with related parties

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Consultancy fee to a related company in which one of the Executive Directors has control (<i>notes (i) and (ii)</i>)	417	1,446
Rental payment to a related company in which one of the Executive Directors has control (<i>notes (i) and (iii)</i>)	509	–
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>)	30	–
	<hr/>	<hr/>

Note:

- (i) The transaction 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.
- (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.

(b) Compensation of key management personnel of the Group

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

16. EVENTS AFTER THE REPORTING DATE

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The filial funeral of Confucian culture, “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”, has been deeply rooted in Chinese traditional culture, which has been around for centuries and will be for the years to come. Under the influence of this concept, people attach importance to funeral quality as one of the important expressions of “filial piety”, which is also the cultural background and cultural foundation for the continuous development of the funeral and burial industry in China.

As China embraces a huge population base, and under the background of accelerating urbanization and population aging in recent years, there will be greater demand for the funeral and burial industry in China. When people are in the cemetery, the deceased are remembered and life revered, which gives them strength to the living. With the improvement of living standards, emotional demands and pursuits of quality in respect of funeral and burial services are also increasing, with an increase in per capita spending in funeral and burial services, which laid a critical foundation for the continuous market expansion of the funeral and burial industry in China. As shown in the industrial reports, the market size of China’s funeral and burial service industry in 2020 was RMB257.7 billion, representing a year-on-year increase as compare with the mark size of RMB236.1 billion in 2019, and it is estimated that the market size will reach RMB411.4 billion in 2026. Thus, all of which indicates that the industry prospect is rather promising.

BUSINESS REVIEW AND OUTLOOK

In 2022, as the unceasingly occurrence of sporadic cases of COVID-19 in Mainland China, many cities came into suspension, in order to stop the spread of the pandemic as soon as possible and prevent the risk of pandemic from spreading outside. Under the severe situation of the pandemic primarily led by the “dynamic zero-COVID”, multiple earnings of the Company have been under pressure due to the influence of the policy changes, economic downturn and other factors. Nevertheless, the Group always continued its style of ensuring steady and sustainable growth, pioneering, changing and innovating with the working theme of “build a solid foundation and gain momentum, make progress while maintaining stability”. During the period under review, under the leadership of the Board, the Group had hedged various risks and challenges in an effective manner and maintained a sound financial condition, while continuing to cultivate the core projects internally and optimizing its brand culture and realizing its corporate social value externally.

During the Period, under the leadership of the Board, each people of Anxian proactively responded to the government's call, adhered to our service position to ensure pandemic prevention and control, took care of the social and people's livelihood needs. Each cemetery of the Group leveraged on the opportunity of QingMing to show its new services highlights, such as guidance and promotion of a green, civilized and low-carbon funeral culture by the way of flower festivals and life crystal. To further promote the implementation of the Group's "digital funeral", the Group continued to upgrade and improve the online "micro-graveside rituals" and "cloud graveside rituals" in the constructed digital platform, in order to integrate the electronic version of the epitaph and online graveside rituals into one. The safe and stable service platform and independent and flexible services broke through the limitations of time and space, the relatives could establish a personal memorial for the deceased in virtual space for relatives and friends to reminisce and conduct graveside rituals whenever and wherever possible.

Although the overall economy was relatively sluggish amidst the complex and austere situation of pandemic prevention and control, the Company maintained strategic focus during the Period to enhance its overall competitiveness throughout the cycle continually and secure benefits in a scientific manner. With Zhejiang Anxian Yuan as the core, all project companies of the Group continued to see steady growth. Despite the slight decrease period-on-period in the overall performance of the Group, Zhejiang Anxian Yuan, as a flagship project, stabilized the development.

As a pioneer in the industry, the Group remains true to its original aspiration and always has the courage to undertake its corporate social responsibility with bearing it in mind. Amidst regular pandemic prevention and control, the Group still focuses on brand promotion and innovation and diversifies the forms of activities. With always adhering to the core of "empathetic services and cultural funeral", the Group has also taken the promotion of time spirit, advancement of funeral reform, publicity of cultural education and environmental protection as its own missions, in addition to actively devoting into social charity events. By fully leveraging technology, the Group organized several public welfare activities in a form of combining online and offline. Specifically, Zhejiang Anxian Yuan launched the Theme Activity of Commemoration for General Chen Zhaodi through online memorial and offline tomb-sweeping during the holiday of Qingming, which was broadcasted on various official government platforms with 30 million hits. Such activity brought new elements of the time into the traditional Qingming culture and won acclaim from all sectors.

Looking forward, there will be an increasing trend for the reform of the funeral and burial industry. The Group will continue to strengthen and develop its existing projects while unearthing the brand value. In response to the call of the new era, the Group will actively adjust the product strategies and structures, so as to boost the transformation and upgrading of the products. Besides, with green funeral as the core and focusing on the land-saving ecological philosophy, the Group will put more efforts on the research and development of new products. By exploring new business philosophy, the Group will also vigorously expand its funeral services scope, striving to facilitate the progression of modernized, ecological and humanistic reformation of funerals and burials in China. Furthermore, the Group will persevere and remain hopeful despite adversity. Adhering to the business philosophy of “people-oriented, culture-based, scientific-minded and service-purposed”, the Group is committed to becoming a leading enterprise in Chinese funeral and burial industry.

FINANCIAL REVIEW

For the Period, the Group recorded net profit of approximately HK\$33,510,000 (six months ended 30 September 2021: approximately HK\$34,984,000) and revenue of approximately HK\$142,952,000 (six months ended 30 September 2021: approximately HK\$156,096,000). The Group’s net profit decreased period-on-period by approximately HK\$1,474,000 was mainly due to the decrease in gross profit and finance costs.

Gross profit decreased from HK\$106,876,000 to HK\$99,879,000, an decrease of HK\$6,997,000 compared with the period-on-period. It was mainly attributable to the decreased revenue from HK\$156,096,000 to HK\$142,952,000 as total number of tombs sold decreased 7% during the Period.

Selling and distribution expenses increased from HK\$15,204,000 to HK\$16,639,000, an increase of 9% compared with the period-on-period. It was mainly attributable to the increased spending on promotional activities for developing cemetery market.

Administrative expenses decreased from HK\$39,225,000 to HK\$37,495,000 compared with the period-on-period. It was mainly due to the decrease of cemetery maintenance costs of tombs and niches.

Finance costs decreased from HK\$2,263,000 to HK\$780,000 compared with the period-on-period. It was mainly due to repayment of bank borrowings during the year ended 31 March 2022.

The net assets of the Group as at 30 September 2022 was approximately HK\$914,613,000 (31 March 2022: approximately HK\$1,003,919,000). The Group’s net assets decreased by approximately HK\$89,306,000 was mainly attributable to unrealised exchange loss on translation of financial statements of foreign operations of approximately HK\$102,824,000 due to the depreciation in RMB as at 30 September 2022.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Period, the Group's businesses, including revenue and costs of sales 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. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and considers hedging significant foreign currency exposure should the need arise. The Group did not have significant exposure to foreign currency risk at 30 September 2022. No foreign currency hedge was made during the Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

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 announcement dated 26 November 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 30 September 2022, the remaining balance of unutilised net proceeds as at 30 September 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 (%) HK\$'000	Reallocation of unutilized net proceeds as stated in the Company's announcements dated	Actual use of net proceeds up to 30 September 2022 HK\$'000	Remaining balance of unutilised net proceeds as at 30 September 2022 HK\$'000	Expected timeline for utilization (Note)
		26 November 2021 and 8 December 2021 HK\$'000			
Potential opportunity (ies) in strategic investment	81,490 (62%)	(81,490)	–	–	–
Repayment of existing debts and payables	28,891 (22%)	60,000	51,396	37,495	By 30 April 2023
General working capital	21,120 (16%)	21,490	42,610	–	–
	<u>131,501</u>	<u>–</u>	<u>94,006</u>	<u>37,495</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.

RESULTS AND DIVIDEND

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

The Directors have declared an interim dividend of HK0.5 cent per share for the six months ended 30 September 2022 (six months ended 30 September 2021: HK0.9 cent per share), which is payable on Thursday, 5 January 2023 to the Shareholders whose names appear on the registers of members of the Company on Monday, 12 December 2022.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, no major subsequent events affecting the Group had occurred since the end of the reporting period and up to the date of this announcement.

OTHER INFORMATION

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 2022, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

Throughout the Period, the Company has adopted and complied with the CG Code in so far as they are applicable except for the following deviation.

Code provision C.5.1 of the CG Code

Code provision C.5.1 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 Period, only one regular board meeting was held to review and discuss the annual 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 Period, the Board also meets on other occasions when a Board-level decision on a particular matter is required. During the Period, the 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.

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.

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 2022, with the management of the Company and has no disagreement with the accounting treatments adopted.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

CLOSURE OF REGISTERS OF MEMBERS

The registers of members will be closed on Monday, 12 December 2022 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 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong before 4:30 p.m. on Friday, 9 December 2022. The interim dividend is payable on Thursday, 5 January 2023 to the Shareholders whose names appear on the registers of members of the Company on Monday, 12 December 2022.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.anxianyuanchina.com. The interim report of the Company for the six months ended 30 September 2022 containing all the information required by the Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

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

Hong Kong, 21 November 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; one non-executive director, namely Mr. Wang Hongjie; and three independent non-executive directors, namely Mr. Chan Koon Yung, Mr. Lum Pak Sum and Ms. Hung Wan Fong, Joanne.

GLOSSARY

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

Board	the board of Directors
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
HKAS	the Hong Kong Accounting Standards issued by the HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by the HKICPA
HKICPA	the Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Non-executive Director(s)	the independent non-executive Director(s)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules

Non-executive Director(s)	the non-executive Director(s)
Period	the six months ended 30 September 2022
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