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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 2023

The Board of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2023 together with the comparative figures for the six months ended 30 September 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

		Unaudited	
		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	4	136,483	142,952
Cost of sales		<u>(37,618)</u>	<u>(43,073)</u>
Gross profit		98,865	99,879
Other income and gains, net	4	4,332	1,787
Selling and distribution expenses		(18,186)	(16,639)
Administrative expenses		(44,619)	(37,495)
Finance costs	6	<u>(623)</u>	<u>(780)</u>
PROFIT BEFORE INCOME TAX	5	39,769	46,752
Income tax expense	7	<u>(12,588)</u>	<u>(13,242)</u>
PROFIT FOR THE PERIOD		<u>27,181</u>	<u>33,510</u>

* *For identification purposes only*

		Unaudited	
		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to:			
Owners of the Company		26,014	33,423
Non-controlling interests		1,167	87
		<hr/>	<hr/>
		27,181	33,510
		<hr/>	<hr/>
EARNINGS PER SHARE FOR PROFIT			
ATTRIBUTABLE TO OWNERS OF THE			
COMPANY FOR THE PERIOD			
Basic and diluted (<i>HK cents</i>)	<i>9</i>	1.17	1.50
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	27,181	33,510
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	(45,617)	(102,670)
Change in fair value of equity investments at fair value through other comprehensive income	(86)	(154)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(45,703)	(102,824)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(18,522)	(69,314)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	(18,003)	(65,405)
Non-controlling interests	(519)	(3,909)
	(18,522)	(69,314)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	<i>Notes</i>	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	68,713	73,352
Right-of-use assets	<i>10</i>	2,678	3,143
Intangible assets	<i>10</i>	404,957	426,057
Goodwill		12,179	12,767
Equity investments		2,838	2,924
Cemetery assets	<i>11</i>	194,367	207,464
Loan to non-controlling shareholder		630	1,329
		<hr/>	<hr/>
Total non-current assets		686,362	727,036
CURRENT ASSETS			
Inventories		240,329	261,615
Trade receivables	<i>12</i>	924	1,023
Prepayments, deposits and other receivables		1,959	1,738
Loan to non-controlling shareholder		1,308	657
Fixed time deposits		–	57,117
Cash and cash equivalents		344,424	283,409
		<hr/>	<hr/>
Total current assets		588,944	605,559
CURRENT LIABILITIES			
Trade payables	<i>13</i>	31,330	37,468
Other payables and accruals		12,710	10,606
Contract liabilities		29,685	24,898
Interest-bearing bank borrowings		23,452	27,050
Lease liabilities		585	211
Tax payables		47,817	59,739
Dividends payable	<i>8(b)</i>	33,320	–
		<hr/>	<hr/>
Total current liabilities		178,899	159,972
		<hr/>	<hr/>
NET CURRENT ASSETS		410,045	445,587
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,096,407	1,172,623
		<hr/>	<hr/>

		Unaudited	Audited
		30 September	31 March
		2023	2023
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		–	17,912
Contract liabilities		32,663	32,750
Lease liabilities		287	94
Deferred tax liabilities		108,592	115,160
		<hr/>	<hr/>
Total non-current liabilities		141,542	165,916
		<hr/>	<hr/>
NET ASSETS		954,865	1,006,707
		<hr/>	<hr/>
EQUITY			
Share capital	<i>14</i>	222,136	222,136
Reserves		696,867	748,190
		<hr/>	<hr/>
Equity attributable to owners of the Company		919,003	970,326
Non-controlling interests		35,862	36,381
		<hr/>	<hr/>
TOTAL EQUITY		954,865	1,006,707
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 2023.

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 2023.

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 2023. In the Period, the Group has applied for the first time the following new standards, amendments and interpretation issued by the HKICPA that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements.

The HKICPA has issued a number of new or amended HKFRSs that are first effective and relevant to the current accounting period of the Group:

HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Insurance Contracts
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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 2023 HK\$'000	2022 HK\$'000
The PRC	136,483	142,952

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

(b) *Non-current assets*

	Unaudited As at 30 September 2023 HK\$'000	Audited As at 31 March 2023 HK\$'000
Hong Kong	538	188
The PRC	682,356	722,595
	682,894	722,783

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 2023 (six months ended 30 September 2022: 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	
	2023	2022
	HK\$'000	HK\$'000
Revenue by products and services		
Sales of tombs and niches	123,160	129,391
Management fee income	2,054	2,084
Burial services	11,269	11,477
	<u>136,483</u>	<u>142,952</u>
Timing of revenue recognition		
A point in time	123,160	129,391
Over time	13,323	13,561
	<u>136,483</u>	<u>142,952</u>
Other income and gains, net		
Gain on disposal of property, plant and equipment, net	–	3
Bank interest income	3,547	1,203
Others	785	581
	<u>4,332</u>	<u>1,787</u>

5. PROFIT BEFORE INCOME TAX

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

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Cost of inventories sold recognised as expense	28,640	34,205
Cost of services provided	3,671	3,359
Employee benefit expense (excluding Directors' and chief executives' remuneration):		
– Wages and salaries	18,297	17,503
Amortisation of intangible assets*	1,512	1,547
Amortisation of cemetery assets*	3,795	3,962
Depreciation		
– Property, plant and equipment	3,716	4,951
– Right-of-use assets#	1,276	1,155
Exchange losses, net	2,210	839
Loss on disposal of property, plant and equipment, net	12	–
	28,640	34,205

* *Amortisations 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\$799,000 (six months ended 30 September 2022: HK\$757,000) and HK\$477,000 (six months ended 30 September 2022: HK\$398,000) 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	
	2023	2022
	HK\$'000	HK\$'000
Interest on lease liabilities	22	23
Interest on interest-bearing bank borrowings	765	992
Less: Interest capitalised	(164)	(235)
	623	780

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 2022: 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 2022: Nil).

Provision for the PRC current income tax is based on the statutory rate of 25% (six months ended 30 September 2022: 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	
	2023	2022
	HK\$'000	HK\$'000
Current tax – PRC Corporate Income Tax		
– Tax in the PRC for the period	12,528	14,495
PRC dividend withholding tax	1,862	1,495
Deferred tax	(1,802)	(2,748)
	<hr/>	<hr/>
Total income tax expenses for the period	12,588	13,242
	<hr/>	<hr/>

8. DIVIDEND

The Directors have declared an interim dividend of HK0.8 cent per share for the six months ended 30 September 2023 (six months ended 30 September 2022: HK0.5 cent per share), which is payable on Friday, 5 January 2024 to the Shareholders whose names appear on the registers of members of the Company on Friday, 15 December 2023.

(a) Dividend attributable to the Period:

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Interim dividend of HK0.8 cent (2022: HK0.5 cent) per share declared	17,771	11,107
	<hr/>	<hr/>

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 2023, the Directors proposed a final dividend of HK1.5 cents per ordinary share for the year ended 31 March 2023 (31 March 2022: HK0.9 cent), which was estimated to be HK\$33,320,000 at the time calculated on the basis of the ordinary share in issue as at 31 March 2023. The final dividend was approved by Shareholders at the annual general meeting on 11 September 2023.

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\$26,014,000 (six months ended 30 September 2022: HK\$33,423,000), and the weighted average number of ordinary shares of 2,221,363,000 (six months ended 30 September 2022: 2,221,363,000) in issue during the Period.

For the six months ended 30 September 2023, there was no dilutive potential ordinary shares (six months ended 30 September 2022: 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\$2,461,000 (six months ended 30 September 2022: HK\$227,000). Items of property, plant and machinery with a net carrying value of HK\$38,000 were disposed of during the Period (six months ended 30 September 2022: Nil), resulting in a loss on disposal of HK\$12,000 (six months ended 30 September 2022: gain of HK\$3,000).

No property, plant and equipment were pledged for the banking facilities granted by the banks at the end of the Period (31 March 2023: Nil).

In addition, the Group has entered into new lease agreements during the Period. Right-of-use assets amounted to HK\$865,000 (six months ended 30 September 2022: HK\$117,000) has been recognised for the Period accordingly.

No additions to intangible assets was made during the Period (six months ended 30 September 2022: Nil).

11. CEMETERY ASSETS

	Unaudited As at 30 September 2023 <i>HK\$'000</i>	Audited As at 31 March 2023 <i>HK\$'000</i>
Land costs	17,705	18,931
Landscape facilities	<u>176,662</u>	<u>188,533</u>
	<u>194,367</u>	<u>207,464</u>

12. TRADE RECEIVABLES

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

	Unaudited As at 30 September 2023 <i>HK\$'000</i>	Audited As at 31 March 2023 <i>HK\$'000</i>
Within 60 days	203	267
61 to 180 days	–	–
Over 1 year	721	756
	<hr/> 924	<hr/> 1,023

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 2023 <i>HK\$'000</i>	Audited As at 31 March 2023 <i>HK\$'000</i>
Within 90 days	1,184	9,650
91 to 180 days	3,238	7,010
181 to 365 days	14,845	5,057
Over 1 year	12,063	15,751
	<hr/> 31,330	<hr/> 37,468

14. SHARE CAPITAL

	Unaudited As at 30 September 2023 <i>HK\$'000</i>	Audited As at 31 March 2023 <i>HK\$'000</i>
Issued and fully paid: 2,221,363,000 (31 March 2023: 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 <i>('000)</i>	Nominal value <i>HK\$'000</i>
At 31 March 2023 and 30 September 2023	<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	
	2023	2022
	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>)	396	417
Rental payment to a related company in which one of the Executive Directors has control (<i>notes (i) and (iii)</i>)	484	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	30
	<hr/>	<hr/>

Note:

- (i) The transaction constitute a de minimis transaction 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

As one of the traditional Chinese virtues, filial piety has a profound influence on Chinese generations by generations. The cultural heritage of “filial piety” has also laid a solid foundation for the existence and development of the funeral and burial industry in China.

In the post-epidemic era, the international environment is more complex than ever, the world has entered a period of turbulence and change, with global conflicts, confrontations and wars occurring frequently, and various predictable and unpredictable risk factors increasing markedly. However, China has embarked on the resumption of economic and social order. The “Two Sessions” were held as scheduled, and a series of important decisions and plans were adopted to ensure positive results in social and economic development. In particular, under the government’s general approach of actively promoting green and civilized funerals, the number of cremation grew continuously in China. In 2022, the number of cremation in China reached 5.558 million with the cremation rate of 52.4%. According to industry research report, there are about 10 million orders for this service every year. China’s huge population, coupled with the acceleration of urbanization and population aging, the enhancement of consumption power, and people’s increasing emotional needs and quality demands for funeral services laid an important foundation for the sustainable development of the funeral and burial industry in China, which shows a promising future.

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, the Group adhered to the working theme of “build a solid foundation and gain momentum, make progress while maintaining stability” by pioneering, changing and innovating. Under the leadership of the Board, the Group had hedged various risks and challenges in an effective manner and maintained a sound financial condition to continuously enhance its overall competitiveness throughout the business process 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, of which Zhejiang Anxian Yuan, as a flagship project, stabilized the development despite the slight decline in sales during the Period.

The Group remains true to its original aspiration, while continuing to cultivate the core projects internally and optimizing its brand culture and realizing its corporate social value externally. During the period under review, the Group managed the first rush period of tomb sweeping in the post-epidemic era, with all project companies implementing safety precautions actively to ensure the entire tomb sweeping process was carried out safely and smoothly. Meanwhile, each of the project companies conducted highlight service projects, making the most of their regional advantages and winning acclaim from all sectors. Among them, Yin Chuan Fu Shou Yuan, with its persistence in advocating and pursuing the land-saving ecological philosophy, held land-saving ecological burials and public memorial activity themed “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, let life be honoured and praised” in the early period of QingMing Festival, and also launched “life crystal” project, which was highly valued by the China Funeral Association, the Ningxia Regional Civil Affairs Department and other departments, and made a great influence on the public. Zhejiang Anxian Yuan, the Group’s flagship project, being on the cutting edge of “neo-funeral”, fully leveraged its intelligence advantage to enhance its services and competitive power, applied holography, AI, digital twin and other latest high technology to make a comprehensive attempt on the funeral reform idea, triggering an upsurge of attention in the industry to restore the image of the deceased through AI and broadening the reform idea for the future ecological funeral and burial.

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, the Group, adhering to green funeral as the core of development and focusing on the land-saving ecological philosophy, 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 will constantly pursue self-improvement. Upholding the principles of “stability, practicality, integrity and progress (穩、實、正、進)”, the Group strive to create a brand image of “benevolence, integrity, care, warmth and comfort (仁心、正心、精心、濫心、舒心)”, so as to develop an open, diverse and flexible corporate culture that respects life, inherits culture and combines traditional Chinese values with western cultural thinking. All in all, the Group is committed to returning the society and customers with the most professional attitude and the highest quality of services in the industry, and rewarding our Shareholders and investors with good results.

CEMETERY BUSINESS

The revenue growth and gross profit ratio are the key measurement used for the assessment of business performance. Set out is the table summarizing the key performance indicators for the Group's business.

Key performance indicators	Definition	Six months ended	
		30 September 2023	2022
Revenue growth	Total revenue in current Period vs the last period	-4.5%	-8.4%
Gross profit ratio	Gross profit over total revenue	<u>72.4%</u>	<u>69.9%</u>

During the Period, the Group remain focused its cemetery business in the PRC.

FINANCIAL REVIEW

For the Period, the Group recorded net profit of approximately HK\$27.2 million (six months ended 30 September 2022: approximately HK\$33.5 million) and revenue of approximately HK\$136.5 million (six months ended 30 September 2022: approximately HK\$143.0 million). The Group's earnings before interest and tax was approximately HK\$40.4 million (six months ended 30 September 2022: approximately HK\$47.5 million). Decrease in the Group's net profit by approximately HK\$6.3 million period-on-period.

Revenue

Total revenue and gross profit for the period ended 30 September 2023 decreased to HK\$136.5 million (six months ended 30 September 2022: HK\$143.0 million) and HK\$98.9 million (six months ended 30 September 2022: HK\$99.9 million) compared with the previous period respectively. The decrease in revenue and gross profit was mainly due to total number of tombs sold was decreased by 1.7% and depreciation 5.0% of RMB against HK\$ for the Period.

During the Period, of the total revenue of approximately HK\$136.5 million (six months ended 30 September 2022: approximately HK\$143.0 million), sales of tombs and niches amounted to approximately HK\$123.2 million (six months ended 30 September 2022: approximately HK\$129.4 million).

Other income and gains, net

The Group recorded an increase in other income and gain by approximately HK\$2.5 million for the Period. Such increase was mainly due to bank interest income received amounting to approximately HK\$3.5 million (six months ended 30 September 2022: HK\$1.2 million).

Selling and distribution expenses

Selling and distribution expenses increased from HK\$16.6 million to HK\$18.2 million compared with last period. It was mainly due to selling expense was increased in promotion expense for developing cemetery market.

Administrative expenses

Administrative expenses increased from HK\$37.5 million to HK\$44.6 million compared with last period. Such increase was mainly due to increase in repair and maintenance expenses in cemetery and tombs assets.

Finance costs

The Group recorded a decrease in finance costs by approximately HK\$0.2 million period-on-period. Such decrease was primarily due to the repayment of bank borrowings for the Period.

Profit for the period attributable to the owners of the Company

As a result of the reasons mentioned above, profit attributable to the owners of the Company for the Period was approximately HK\$26.0 million (six months ended 30 September 2022: profit attributable to the owners of the Company of approximately HK\$33.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's business operations were funded by its internal resources and bank borrowings. A summary of the condensed consolidated statement of cash flows for the periods ended 30 September 2023 and 2022 were as follows:

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows generated from operating activities	36,643	57,978
Net cash flows generated from investing activities	58,219	979
Net cash flows used in financing activities	(20,186)	(8,930)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>74,676</u>	<u>50,027</u>

During the Period, the net increase in cash equivalents was approximately HK\$74.7 million (six months ended 30 September 2022: net increase in cash equivalents of approximately HK\$50.0 million). As at 30 September 2023, the cash and cash equivalents and fixed time deposits of the Group was approximately HK\$344.4 million (31 March 2023: approximately HK\$340.5 million). The Group had short-term bank borrowings of approximately HK\$23.5 million (31 March 2023: approximately HK\$27.0 million) and the Group had no long-term bank borrowings (31 March 2023: approximately HK\$17.9 million) as at 30 September 2023. During the Period, the Group had spent approximately HK\$19.4 million for repayment of bank borrowings in order to improve the Group's financial position.

The current ratio (current assets/current liabilities) of the Group was approximately 3.29 as at 30 September 2023 (31 March 2023: approximately of 3.79). The decrease in current ratio as at 30 September 2023 as compared to 31 March 2023 was mainly due to the increase in current liabilities of the Group.

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.25 (31 March 2023: 0.24).

As at 30 September 2023, the Group recorded net current assets of approximately HK\$410.0 million (31 March 2023: approximately HK\$445.6 million). It indicated the Group has sufficient working capital to meet its financial obligations.

CAPITAL STRUCTURE

As at 30 September 2023, the issued share capital of the Company was 2,221,363,150 ordinary shares. During the Period, there was no movement of the issued share capital of the Company.

Total assets and net assets of the Group as at 30 September 2023 were approximately HK\$1,275.3 million (31 March 2023: approximately HK\$1,332.6 million) and approximately HK\$954.9 million (31 March 2023: approximately HK\$1,006.7 million) respectively. The net assets per share was approximately HK\$0.43 (31 March 2023: approximately HK\$0.45). The decrease in net assets was mainly due to the Group recorded net profit attributable to owners of the Company of HK\$26.0 million but offset dividend payable of HK\$33.3 million and unrealized exchange loss on translation of financial statements of foreign operations of approximately HK\$45.6 million due to the depreciation in RMB against HK\$ as at 30 September 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Period, the Group's business including revenue and cost of sales were mainly denominated in RMB and the fund raising activities were denominated in HK\$ and 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 year/period end date as foreign operations. The Group currently does not have foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group also 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 2023. No foreign currency hedge was made 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, the Company's circular dated 29 April 2020 and the 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 30 September 2023, the remaining balance of unutilised net proceeds as at 30 September 2023 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 26 November 2021 and 8 December 2021	Actual use of net proceeds up to 30 September 2023 HK\$'000	Remaining balance of unutilised net proceeds as at 30 September 2023 HK\$'000	Expected timeline for utilization (Note)
		HK\$'000			
Potential opportunity(ies) in strategic investment	81,490 (62%)	(81,490)	–	–	–
Repayment of existing debts and payables	28,891 (22%)	60,000	64,279	24,612	By 1 July 2024
General working capital	21,120 (16%)	21,490	42,610	–	–
	<u>131,501</u>	<u>–</u>	<u>106,889</u>	<u>24,612</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.

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 HK0.8 cent per share for the six months ended 30 September 2023 (six months ended 30 September 2022: HK0.5 cent per share), which is payable on Friday, 5 January 2024 to the Shareholders whose names appear on the registers of members of the Company on Friday, 15 December 2023.

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 2023, 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

The Company is committed to ensuring a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the code provisions set out in Part 2 of Appendix 14 to the Listing Rules throughout the six months ended 30 September 2023. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

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 2023, 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 Friday, 15 December 2023 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 Thursday, 14 December 2023. The interim dividend is payable on Friday, 5 January 2024 to the Shareholders whose names appear on the registers of members of the Company on Friday, 15 December 2023.

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 2023 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, 30 November 2023

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 2023
PRC	the People's Republic of China, which for the purpose of this announcement 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