

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ANXIAN YUAN CHINA HOLDINGS LIMITED

安賢園中國控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0922)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2016**

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 2015 as follows:

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

		2016	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	5	108,044	97,396
Cost of sales		<u>(26,255)</u>	<u>(28,391)</u>
Gross profit		81,789	69,005
Other income and gains	5	8,291	34,066
Selling and distribution expenses		(14,069)	(9,276)
Administrative expenses		(57,058)	(46,956)
Finance costs		(8,119)	(2,453)
Share of profits and losses of associates		<u>422</u>	<u>(313)</u>
PROFIT BEFORE TAX	6	11,256	44,073
Income tax expense	7	<u>(1,452)</u>	<u>(5,937)</u>
PROFIT FOR THE YEAR		<u>9,804</u>	<u>38,136</u>
Attributable to:			
Owners of the parent		9,465	37,425
Non-controlling interests		<u>339</u>	<u>711</u>
		<u>9,804</u>	<u>38,136</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic (<i>HK cents</i>)			
– For profit for the year		<u>0.14</u>	<u>0.57</u>
Diluted (<i>HK cents</i>)			
– For profit for the year		<u>0.08</u>	<u>0.56</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 March 2016*

	2016 HK\$'000	2015 HK\$'000
PROFIT FOR THE YEAR	<u>9,804</u>	<u>38,136</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(27,862)</u>	<u>601</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(27,862)</u>	<u>601</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(18,058)</u>	<u>38,737</u>
Attributable to:		
Owners of the parent	(17,815)	38,020
Non-controlling interests	<u>(243)</u>	<u>717</u>
	<u>(18,058)</u>	<u>38,737</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

		31 March 2016	31 March
	<i>Notes</i>	<i>HK\$'000</i>	<i>2015</i>
			<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	109,445	17,927
Investment properties		857	1,230
Intangible assets	10	473,089	392,432
Goodwill	11	13,340	–
Investment in an associate		4,560	4,374
Available-for-sale investments		2,400	2,525
Prepayments	15	42,004	14,834
Cemetery assets	12	218,474	120,727
Total non-current assets		864,169	554,049
CURRENT ASSETS			
Inventories	13	168,947	144,707
Trade receivables	14	1,034	22,458
Prepayments, deposits and other receivables	15	45,668	24,415
Pledged deposits		31,080	20,073
Cash and cash equivalents		109,911	81,506
Total current assets		356,640	293,159
CURRENT LIABILITIES			
Trade payables	16	60,386	15,880
Other payables and accruals	17	67,469	7,718
Deferred income	18	3,017	2,271
Interest-bearing bank and other borrowings	19	59,106	116,666
Amount due to non-controlling shareholders	20	49,123	1,171
Derivative component of convertible bonds	21	9,700	–
Tax payable		19,885	29,541
Total current liabilities		268,686	173,247
NET CURRENT ASSETS		87,954	119,912
TOTAL ASSETS LESS CURRENT LIABILITIES		952,123	673,961

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 March 2016

		31 March 2016	31 March 2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Liability component of convertible bonds	21	34,000	–
Interest-bearing bank and other borrowings	19	156,971	8,837
Deferred income	18	13,819	13,090
Amount due to non-controlling shareholders	20	38,141	–
Deferred tax liabilities		118,905	99,914
		<hr/>	<hr/>
Total non-current liabilities		361,836	121,841
		<hr/>	<hr/>
Net assets		590,287	552,120
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		543,445	529,162
Reserves		(2,065)	14,043
		<hr/>	<hr/>
		541,380	543,205
		<hr/>	<hr/>
Non-controlling interests		48,907	8,915
		<hr/>	<hr/>
Total equity		590,287	552,120
		<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS

31 March 2016

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by HKICPA, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the Year. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the Year's financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.
- (b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
 - HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
 - HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.
- (c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the Year.
 - HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
 - HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties during the Year.

In addition, the Company has early adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁴ No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group is currently assessing the impact of the amendments and the adoption date has not been determined.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 April 2018. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

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) Revenue from external customers

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Mainland China	<u>108,044</u>	<u>97,396</u>

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

(b) Non-current assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	415	869
Mainland China	<u>861,354</u>	<u>550,655</u>
	<u>861,769</u>	<u>551,524</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue from a single customer accounted for 10% or more of the Group's revenue during the Year. During the year ended 31 March 2015, revenue from two single customers individually accounted for 10% or more of the Group's revenue and the amounts of revenue from them were HK\$63,153,000 and HK\$16,421,000, respectively.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of products sold, after allowances for returns and trade discounts; and the value of services rendered during the Year.

An analysis of revenue, other income and gains is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Sales of tombs and niches	101,082	93,240
Management fee income	2,482	2,223
Burial service	3,746	1,647
Sales of funeral supplies	734	286
	<u>108,044</u>	<u>97,396</u>
Other income and gains		
Reversal of business tax over-accrued in previous years	–	32,770
Gain on disposal of items of property, plant and equipment	–	378
Gain on bargain purchase arising from business combination (<i>note 23</i>)	558	213
Bank interest income	133	92
Fair value gain of derivative component of convertible bonds (<i>note 21</i>)	7,600	–
Others	–	613
	<u>8,291</u>	<u>34,066</u>

6. PROFIT BEFORE TAX

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of inventories sold	19,904	23,408
Cost of services provided	728	299
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	23,618	7,976
Amortisation of intangible assets (<i>note 10</i>)*	2,007	2,053
Amortisation of cemetery assets (<i>note 12</i>)*	3,616	2,631
Auditors' remuneration	1,296	884
Depreciation		
– Property, plant and equipment (<i>note 9</i>)	3,348	2,834
– Investment properties	318	328
Foreign exchange differences, net	(82)	30
Minimum lease payments under operating leases	<u>2,952</u>	<u>2,950</u>

* The amortisation of intangible assets and cemetery assets for the Year are included in "Cost of sales" in the statement of profit or loss.

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members 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.

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 Year.

Provision for Mainland China current income tax is based on the statutory rate of 25% (2015: 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:

	2016 HK\$'000	2015 <i>HK\$'000</i>
Current tax		
Income tax in the PRC for the year	9,477	13,815
Reversal of overprovision in prior years	(10,289)	(10,461)
Deferred tax	2,264	2,583
	<hr/>	<hr/>
Total tax charge for the year	1,452	5,937
	<hr/>	<hr/>

A reconciliation of the tax expense applicable to profit before 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:

	2016 HK\$'000	2015 <i>HK\$'000</i>
Profit before tax	11,256	44,073
Tax at the statutory tax rate of 25%	2,814	11,018
Effect of withholding tax on distributable profit of the Group's PRC subsidiaries	1,103	1,371
Tax effect of different taxation rates in other tax jurisdictions	2,626	1,026
Income not subject to tax	(1,275)	(70)
Expenses not deductible for tax	3,658	873
Tax losses utilised from previous periods	(17)	–
Tax losses not recognised	2,470	2,180
Underprovision in prior year	362	–
Reversal of overprovision in prior years	(10,289)	(10,461)
	<hr/>	<hr/>
Total tax charge for the year	1,452	5,937
	<hr/>	<hr/>

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the Year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 6,873,406,000 (2015: 6,581,283,000) in issue during the Year.

The calculation of the diluted earnings per share amount is based on the profit for the Year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds and fair value gain on derivative component of convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2016 HK\$'000	2015 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	9,465	37,425
Interest on convertible bonds	3,694	–
Less: Fair value gain on the derivative component of convertible bonds	(7,600)	–
Profit attributable to ordinary equity holders of the parent, before the effect of convertible bonds	5,559	37,425
	Number of shares 2016 ('000)	Number of shares 2015 ('000)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	6,873,406	6,581,283
Effect of dilution – weighted average number of ordinary shares:		
Share options	24,399	72,540
Convertible bonds	123,493	–
	7,021,298	6,653,823

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:					
At 31 March 2015 and 1 April 2015	15,749	2,420	8,172	1,131	27,472
Additions	53	201	855	21	1,130
Acquisition of subsidiaries	88,365	3,258	2,941	–	94,564
Disposals	–	–	(72)	–	(72)
Disposal of subsidiaries	–	–	(125)	–	(125)
Exchange realignment	(736)	(57)	(278)	(31)	(1,102)
At 31 March 2016	103,431	5,822	11,493	1,121	121,867
Accumulated depreciation:					
At 31 March 2015 and 1 April 2015	(5,280)	(789)	(3,249)	(227)	(9,545)
Charge for the year	(844)	(491)	(1,470)	(543)	(3,348)
Disposals	–	–	72	–	72
Disposal of subsidiaries	–	–	36	–	36
Exchange realignment	278	11	63	11	363
At 31 March 2016	(5,846)	(1,269)	(4,548)	(759)	(12,422)
Net carrying amount:					
At 31 March 2015	10,469	1,631	4,923	904	17,927
At 31 March 2016	97,585	4,553	6,945	362	109,445

At 31 March 2016, certain of Group's buildings with a net carrying amount of approximately HK\$7,248,000 (2015: HK\$7,910,000) were pledged to secure general banking loans granted to the Group as set out in note 19.

	Buildings <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:					
At 31 March 2014 and 1 April 2014	7,755	1,535	5,246	399	14,935
Additions	7,985	1,325	3,655	1,073	14,038
Acquisition of a subsidiary	–	43	36	–	79
Disposals	–	(485)	(770)	(342)	(1,597)
Exchange realignment	9	2	5	1	17
	<u>15,749</u>	<u>2,420</u>	<u>8,172</u>	<u>1,131</u>	<u>27,472</u>
At 31 March 2015					
Accumulated depreciation:					
At 31 March 2014 and 1 April 2014	(3,969)	(936)	(3,053)	(310)	(8,268)
Charge for the year	(1,305)	(337)	(962)	(230)	(2,834)
Disposals	–	485	770	313	1,568
Exchange realignment	(6)	(1)	(4)	–	(11)
	<u>(5,280)</u>	<u>(789)</u>	<u>(3,249)</u>	<u>(227)</u>	<u>(9,545)</u>
At 31 March 2015					
Net carrying amount:					
At 31 March 2014	<u>3,786</u>	<u>599</u>	<u>2,193</u>	<u>89</u>	<u>6,667</u>
At 31 March 2015	<u>10,469</u>	<u>1,631</u>	<u>4,923</u>	<u>904</u>	<u>17,927</u>

10. INTANGIBLE ASSETS

HK\$'000

Cost:

At 1 April 2014	405,947
Exchange realignment	492
	<hr/>
At 31 March 2015 and 1 April 2015	406,439
Acquisition of subsidiaries	101,686
Exchange realignment	(19,752)
	<hr/>
At 31 March 2016	488,373
	<hr/>

Accumulated amortisation:

At 1 April 2014	(11,938)
Charge for the year	(2,053)
Exchange realignment	(16)
	<hr/>
At 31 March 2015 and 1 April 2015	(14,007)
Charge for the year	(2,007)
Exchange realignment	730
	<hr/>
At 31 March 2016	(15,284)
	<hr/>

Net carrying amount:

At 31 March 2015	392,432
	<hr/>
At 31 March 2016	473,089
	<hr/>

Intangible assets represent cemetery operating licences, which were acquired by business combination of Zhejiang Anxian Yuan in the year of 2010. In the Year, the Group acquired Yin Chuan Fu Shou Yuan and Zunyi Dashenshan. Further details of these acquisitions are included in note 23 to the financial statements.

11. GOODWILL

HK\$'000

Cost:

At 1 April 2014, 31 March 2015 and 1 April 2015	–
Arising on acquisition of a subsidiary	13,340
	<hr/>
At 31 March 2016	13,340
	<hr/>

The carrying amounts of goodwill as at 31 March 2016 are as follows:

HK\$'000

Yin Chuan Fu Shou Yuan	13,340
	<hr/>
	13,340
	<hr/>

For the purpose of impairment testing, goodwill has been allocated to each of the individual cash generating units (“CGUs”). During the Year, the management of the Group determines that there is no impairment of above CGU containing goodwill.

The recoverable amount of the above CGU is determined based on a value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discounts, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pretax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The growth rates are by reference to industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The major underlying assumptions are summarised below:

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 16%. Cash flows beyond that five-year period have been extrapolated using declining growth rates until a steady 3% growth rate is reached. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates.

12. CEMETERY ASSETS

	Land costs <i>HK\$'000</i>	Landscape facilities <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 1 April 2014	–	84,353	84,353
Additions	–	72,888	72,888
Transfer to inventories	–	(13,565)	(13,565)
Exchange realignment	–	(1,332)	(1,332)
	<hr/>	<hr/>	<hr/>
At 31 March 2015 and 1 April 2015	–	142,344	142,344
Additions	–	17,488	17,488
Acquisition of subsidiaries	28,687	63,720	92,407
Transfer to inventories	(1,576)	(1,443)	(3,019)
Exchange realignment	153	(6,907)	(6,754)
	<hr/>	<hr/>	<hr/>
At 31 March 2016	27,264	215,202	242,466
	<hr/>	<hr/>	<hr/>
Accumulated amortisation:			
At 1 April 2014	–	(20,405)	(20,405)
Provided for the year	–	(2,631)	(2,631)
Eliminated on transfer	–	1,452	1,452
Exchange realignment	–	(33)	(33)
	<hr/>	<hr/>	<hr/>
At 31 March 2015 and 1 April 2015	–	(21,617)	(21,617)
Provided for the year	(131)	(3,485)	(3,616)
Eliminated on transfer	–	121	121
Exchange realignment	3	1,117	1,120
	<hr/>	<hr/>	<hr/>
At 31 March 2016	(128)	(23,864)	(23,992)
	<hr/>	<hr/>	<hr/>
Carrying value:			
At 31 March 2015	<hr/>	<hr/>	<hr/>
	–	120,727	120,727
At 31 March 2016	<hr/>	<hr/>	<hr/>
	27,136	191,338	218,474

Cemetery assets mainly represent land costs and the construction cost of public facilities in the cemetery.

Upon commencement of development of an area within the cemetery, the proportionate cemetery assets are transferred to inventories.

13. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Inventories		
– Tombs	168,947	144,707

As at 31 March 2016, inventories of approximately HK\$138,167,000 (2015: HK\$121,330,000) are expected to be recovered in more than one year.

14. TRADE RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables	1,034	22,458

The Group's trading terms with its customers are mainly on credit, except for certain new customers, where payment in advance is required. The average trade credit period ranges from 30 to 365 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly and actively monitored by senior management to minimise credit risk.

Trade receivables are unsecured and non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2016 HK\$'000	2015 HK\$'000
60 to 90 days	1,034	–
Over 365 days	–	22,458
	1,034	22,458

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 HK\$'000	2015 HK\$'000
Neither past due nor impaired	1,034	–
Over 365 days past due	–	22,458
	1,034	22,458

Management believes that no impairment allowance is necessary in respect of these balances as the balances are considered to be fully recoverable.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Prepayments	56,401	38,114
Deposits and other receivables	105,738	75,602
	<hr/>	<hr/>
	162,139	113,716
<i>Less: Provision for impairment loss</i>	74,467	74,467
	<hr/>	<hr/>
	87,672	39,249
	<hr/>	<hr/>
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Prepayments:		
Analysed into:		
Current	14,397	23,280
Non-current	42,004	14,834
	<hr/>	<hr/>
	56,401	38,114
	<hr/>	<hr/>

The Group did not hold any collateral in respect of these balances.

Except for those amounts with provision for impairment as set out above, the Directors consider that the fair values of deposits and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because of the short maturity periods on their inception.

All deposits and other receivables that are neither individually nor collectively considered to be impaired are neither past due nor impaired and are due from counterparties for whom there was no recent history of default. Management considers that deposits and other receivables that were neither past due nor impaired for each of the reporting dates are of good credit quality.

Provision for impairment loss on other receivables has no movement during the Year.

16. TRADE PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	<u>60,386</u>	<u>15,880</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 90 days	16,622	455
91 to 180 days	2,176	15,425
181 to 365 days	38,025	–
Over 1 year	<u>3,563</u>	<u>–</u>
	<u>60,386</u>	<u>15,880</u>

The trade payables are non-interest-bearing and are normally settled on terms ranging from 90 days to 365 days.

17. OTHER PAYABLES AND ACCRUALS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Accruals	8,241	4,230
Deposits received	31,348	1,792
Other payables	<u>27,880</u>	<u>1,696</u>
	<u>67,469</u>	<u>7,718</u>

Other payables are non-interest-bearing and repayable on demand.

18. DEFERRED INCOME

	<i>HK\$'000</i>	
At 1 April 2014		16,202
Additions during the year		1,368
Released to profit or loss		(2,223)
Exchange realignment		14
		<hr/>
At 31 March 2015 and 1 April 2015		15,361
Arising from acquisition		2,960
Additions during the year		1,683
Released to profit or loss		(2,482)
Exchange realignment		(686)
		<hr/>
At 31 March 2016		16,836
		<hr/>
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed into:		
Current	3,017	2,271
Non-current	13,819	13,090
	<hr/>	<hr/>
	16,836	15,361
	<hr/>	<hr/>

The balances represent ten-year management fees received in advance in respect of tombs and columbarium niches sold. Management fee receipts in advance are credited to revenue on the straight-line basis over the contractual periods (which are generally ten years).

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

2016			
	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans			
– secured (<i>note (a)</i>)	5.5	December 2016	26,103
– guaranteed (<i>note (b)</i>)	5.85-6.18	May 2016-July 2016	33,003
			<u>59,106</u>
Non-current			
Bank loans			
– secured (<i>note (c)</i>)	5.95-6.18	May 2017-November 2019	65,407
Other borrowings			
– unsecured	12	June 2017	1,981
Bonds payable:			
– secured (<i>note (d)</i>)	7.61 (Semi-annually)	November 2017	89,583
			<u>156,971</u>
			<u>216,077</u>
2015			
	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans			
– secured (<i>note (a)</i>)	7.02	November 2015	18,824
– secured (<i>note (c)</i>)	6.72-7.2	May 2015-November 2015	78,905
– guaranteed (<i>note (b)</i>)	6.42-7.56	May 2015-March 2016	18,937
			<u>116,666</u>
Non-current			
Bank loans:			
– secured (<i>note (c)</i>)	6.9	November 2018	8,837
			<u>125,503</u>

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Analysed into:		
Bank loans repayable:		
Within one year or on demand	59,106	116,666
In the second year	26,163	–
In the third to fifth years, inclusive	39,244	8,837
	<u>124,513</u>	<u>125,503</u>
Other borrowings repayable:		
Within one year or on demand	–	–
In the second year	91,564	–
In the third to fifth years, inclusive	–	–
	<u>216,077</u>	<u>125,503</u>

Notes:

- (a) The balances are secured by the pledge of certain of the Group's bank deposits amounting to HK\$30,000,000 (2015: HK\$18,938,000).
- (b) The balances are guaranteed by certain Directors and their family members, and a non-controlling shareholder of a subsidiary.
- (c) The balances are secured by the pledge of certain of the Group's deposits with a financial institution amounting to HK\$1,080,000 (2015: HK\$1,136,000) and guaranteed by certain Directors and their family members, a non-controlling shareholder of a subsidiary and a financial institution, and the pledge of certain of the Group's buildings.
- (d) On 17 November 2015 (the "issue date"), the Company issued bonds with a principle amount of HK\$90,000,000 at an interest rate of 10% per annum, payable semi-annually in arrears on 17 May and 17 November in each year. The bonds will mature on 16 November 2017 (the "initial maturity date") unless the Company delivers written notice to the bondholders no earlier than 60 days and at least fifteen business days prior to the initial maturity date to extend for a further 12-month period.

Unless previously redeemed, any outstanding bonds shall be redeemed on the maturity date at redemption amount of the 100% outstanding principle amount plus outstanding interest and other payment accrued and outstanding.

The bondholder may require the Company to redeem the bonds upon the occurrence of any of the events of default as stipulated in the agreement at the redemption amount of the 100% outstanding principle amount plus interests and premium which will provide the bondholder with an annual compounded cumulative internal rate of return of 20% per annum on such redemption amount.

The bonds are guaranteed by Mr. Shi Hua, and secured by Mr. Shi Hua's shares in the Company.

- (e) Except for the bonds payable which are denominated in Hong Kong dollars, all borrowings are in RMB.

20. AMOUNT DUE TO NON-CONTROLLING SHAREHOLDERS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current	49,123	1,171
Non-current	38,141	–
	<u>87,264</u>	<u>1,171</u>

As at 31 March 2016, the current portion of amount due to non-controlling shareholders of HK\$10,719,000 (2015: HK\$1,171,000) is non-trade in nature, unsecured, interest-free and repayable on demand; HK\$38,404,000 (2015: Nil) is arising from cash consideration unpaid to non-controlling shareholders as set out in note 23(ii).

As at 31 March 2016, the non-current portion of amount due to non-controlling shareholders is non-trade in nature, unsecured, interest-free and repayable in November 2017. Such amount is recorded at amortised cost based on the market interest rate (2015: Nil).

21. CONVERTIBLE BONDS

On 17 November 2015 (the “issue date”), the Company issued convertible bonds (the “CB”) with a principle amount of HK\$50,000,000 with an initial conversion price of HK\$0.14975 per ordinary share of the Company (subject to certain anti-dilutive adjustments). The CB will mature on 16 November 2017 (the “initial maturity date”) unless the Company delivers written notice to the bondholders no earlier than 60 days and at least fifteen business days prior to the initial maturity date to extend for a further 12-month period.

Pursuant to the bond subscription agreement, the CB is:

- (a) convertible at the option of the bondholders into ordinary shares of the Company at any time from the issue date to the maturity date; and
- (b) redeemable at the option of the bondholder upon the occurrence of any of the events of default as stipulated in the agreement at redemption amount of the 100% outstanding principle amount plus interests and premium which will provide the bondholder with an annual compounded cumulative internal rate of return of 20% per annum on such redemption amount.

The coupon interest rate is 7.0% per annum, payable semi-annually in arrears on 17 May and 17 November in each year. Unless previously redeemed, or converted to ordinary shares of the Company, any outstanding CB shall be redeemed on the maturity date at the redemption amount of the 100% outstanding principle amount plus outstanding interest and a premium which will provide the bondholder with an annual compounded cumulative internal rate of return of 10% per annum on such redemption amount.

The CB are guaranteed by Mr. Shi Hua, and secured by Mr. Shi Hua's shares in the Company.

Since the conversion options embedded in the CB do not meet the definition of equity instruments of the Company, the entire convertible bonds are accounted for as financial liabilities, and separated into the host debt component and embedded derivative component. On issuance of the CB, the fair value of the derivative component is determined using an option pricing model and this amount is accounted for as financial liabilities at fair value through profit or loss. The host debt component is initially recognised as the excess of proceeds over the amount initially recognised as the derivative component, net of transaction costs allocated to the host debt component, and is subsequently measured at amortised cost.

The CB recognised on initial recognition are as follows:

	2016 HK\$'000
Nominal value of convertible bonds issued	50,000
Direct transaction costs attributable to the host debt component	(169)
Initial embedded derivative component	(17,300)
	<hr/>
Host debt component on initial recognition upon issuance	32,531
	<hr/>

The movements in the host debt component for the year ended 31 March 2016 are as follows:

	2016 HK\$'000
Newly issued host debts	32,531
Interest expense	3,694
Interest payable	(2,225)
	<hr/>
Host debt component at 31 March 2016	34,000
	<hr/>

Interest expenses on the CB are calculated using the effective interest method by applying the effective interest rate of 15.31% semi-annually to the host debt component.

The movements in the derivative component embedded in the CB for the Year are as follows:

	2016 HK\$'000
Newly issued	17,300
Fair value changes recognised in the statement of profit or loss (<i>note 5</i>)	(7,600)
	<hr/>
Embedded derivatives component at 31 March 2016	9,700
	<hr/>

The fair values of the derivative component are determined based on the valuation performed by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professional valuers, using the applicable option pricing model.

22. CONVERTIBLE NOTES

On 7 January 2013, the Company issued convertible notes (“CN”) with a principal amount of HK\$330,000,000 as part of the consideration for the Group’s acquisition of the entire issued share capital of Jia Yuan, which through Hirise, indirectly holds 47.38% equity interests in Zhejiang Anxian Yuan.

The CN are unsecured, non-interest-bearing and will mature on the 5th anniversary of the date of issue of the CN (the “Maturity Date”). The conversion price, subject to the anti-dilution adjustments, is HK\$0.10 per conversion share. The CN can be converted in whole or in part into conversion shares at any time following the date of issue until one working day prior to the Maturity Date. Any CN which remain outstanding on the Maturity Date shall be converted automatically into the conversion shares unless such conversion will result in (1) a holder of the CN and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 29% or more of the entire issued shares of the Company or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Merger as being the level for triggering a mandatory general offer, whichever is lower, or (2) the Company will be in breach of the minimum public float requirement under the Listing Rules. In such events, the maturity date of the CN will be extended for further 5 years. Any CN which remain outstanding on the extended maturity date shall be converted automatically into the conversion shares. All outstanding CN which are not converted thereafter will be cancelled by the Company and fully waived without any cost or will not be converted into the debt of the Company. Holders of the CN will have no right to redeem and the Company has no obligation to repay the outstanding amount.

The CN are accounted for as an equity instrument in accordance with HKAS 32 as the entire number of the CN must be converted into conversion shares on or before the Maturity Date or the extended maturity date of this CN, and anti-dilution adjustment clauses in the CN are not breached the fixed-for-fixed rule in HKAS 32. The fair value of the CN at the date of its issue was carried out by LCH (Asia-Pacific) Surveyors Limited. The CN were priced as prepaid forward, an arrangement in which one can pay for the stock today and receive the stock at an agreed-upon date. Generally, the price of a prepaid forward is equal to the spot asset price. In valuing the CN, adjustment has been made for the dilution effect of the issue of the CN.

On 7 January 2013, the CN were issued at the fair value of approximately HK\$147,560,000 and were recognised as convertible notes reserve in the consolidated statement of changes in equity of the Group. The reserve will be realised when the CN are converted or cancelled.

On 23 April 2013 and 24 December 2013, part of the CN with an aggregate amount of HK\$85,000,000 and HK\$47,000,000 were converted at the conversion price of HK\$0.10 each into 850,000,000 and 470,000,000 ordinary shares of the Company at HK\$0.10 each, respectively.

On 25 February 2015 and 25 March 2015, part of the CN with an aggregate amount of HK\$30,000,000 and HK\$15,000,000 were converted at the conversion price of HK\$0.10 each into 300,000,000 and 150,000,000 ordinary shares of the Company at HK\$0.10 each, respectively.

On 6 July 2015, part of the CN with an aggregate amount of HK\$3,000,000 were converted at the conversion price of HK\$0.10 each into 30,000,000 ordinary shares of the Company at HK\$0.10 each.

23. BUSINESS COMBINATION

The acquisitions of subsidiaries accounted for as business combination are as follows:

(i) Acquisition of 70% equity interest in Yin Chuan Fu Shou Yuan

On 31 December 2015, the Group acquired 70% of equity interest in Yin Chuan Fu Shou Yuan from third parties at a total consideration of HK\$53,633,000. Yin Chuan Fu Shou Yuan is engaged in sale of burial plots and was acquired as part of the Group's strategy to expand its market share of the cemetery business. The purchase consideration for the acquisition was partly in the form of cash, and partly in the form of issued shares. As at 31 March 2016, consideration of HK\$19,084,000 was paid by cash and HK\$10,776,000 was satisfied by issuance of Company's shares of 66,930,000.

Pursuant to the investment agreement, after completion of the acquisition, Shanghai Anxian Yuan will inject a sum of HK\$39,738,000 into the Yin Chuan Fu Shou Yuan as share premium. As at 31 March 2016, Shanghai Anxian Yuan has injected HK\$38,197,000 to Yin Chuan Fu Shou Yuan.

(ii) Acquisition of 80% equity interest in Zunyi Dashenshan

On 31 March 2016, the Group acquired 80% equity interest in Zunyi Dashenshan from two independent individual shareholders at a total consideration of HK\$48,005,000. Zunyi Dashenshan is engaged in the sale of burial plots and was acquired as part of the Group's strategy to expand its market share of the cemetery business. As at 31 March 2016, part of the consideration of HK\$9,601,000 has been settled in cash.

The fair values of the identifiable assets and liabilities of above subsidiaries acquired during the Year were as follows:

	<i>Notes</i>	Fair value recognised on acquisition HK\$'000
Cash and cash equivalents		1,287
Prepayments and other receivables		534
Trade receivables		1,034
Inventories		16,100
Property, plant and equipment	9	94,564
Intangible assets	10	101,686
Deferred tax assets		2,012
Cemetery assets	12	92,407
Accruals and other payables		(68,789)
Trade payables		(45,212)
Tax payables		(1,175)
Amount to non-controlling shareholders		(47,742)
Deferred tax liabilities		(23,499)
Deferred income	18	(2,960)
Interest-bearing bank and other borrowings		<u>(1,982)</u>
Total identifiable net assets at fair value		118,265
Non-controlling interests		<u>(29,409)</u>
		88,856
Goodwill on acquisition	11	13,340
Gain on bargain purchase of a subsidiary	5	<u>(558)</u>
		<u>101,638</u>
Satisfied by:		
Cash consideration paid		28,685
Issue of shares		10,776
Cash consideration payable		<u>62,177</u>
		<u>101,638</u>

The fair values of trade receivables and other receivables as at the date of acquisition amounted to HK\$1,034,000 and HK\$534,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK\$1,034,000 and HK\$534,000, respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The Group incurred transaction costs of HK\$506,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>HK\$'000</i>
Consideration settled by cash	(28,685)
Cash and cash equivalents acquired	<u>1,287</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(27,398)</u>

The acquisitions contributed HK\$4,336,000 to the Group's revenue and HK\$52,000 to the consolidated profit for the Year.

Had the combination taken place at the beginning of the Year, the revenue of the Group and the profit of the Group for the Year would have been HK\$135,762,000 and HK\$8,879,000, respectively.

24. DISPOSAL OF SUBSIDIARIES

The major disposal during the Year is set out as follows:

In March 2016, Shanghai Anxian Yuan entered into an equity interest transfer agreement with an independent third party to dispose of 51% equity interests in Hebei Anxian Yuan Funeral Product Supply Co., Ltd. at a consideration of HK\$3,060,000.

In March 2016, Shanghai Anxian Yuan entered into an equity interest transfer agreement with an independent individual to dispose of 51% equity interests in Guizhou Pan County Anxian Yuan Cemetery Arts Company Limited at a consideration of HK\$6,121,000.

The total net assets disposed of in respect of the disposal of the subsidiaries during the Year were as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	89
Inventories	1,193
Prepayments, deposits and other receivables	21,410
Cash and cash equivalents	21
Other payables and accruals	(8,893)
Non-controlling interests	(4,885)
	<hr/>
	8,935
Release of exchange fluctuation reserve upon disposals	336
Loss on disposal of subsidiaries	(90)
	<hr/>
	9,181
	<hr/>
Satisfied by:	
Other receivables	9,181
	<hr/>
An analysis of the cash flows in respect of the disposal of the subsidiaries is as follows:	
Cash consideration	–
Cash and cash equivalents disposed of	(21)
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	(21)
	<hr/>

25. 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 financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With the escalation of the aging process and urbanization in China, the total population in 2015 had exceeded 1.36 billion, of which the aging population over 65 years old reached 137 million, accounting for 10.1% of the total. The funeral service involves thousands of families. In the future, Chinese funeral industry will be kept on the fast track for the long run. With sufficient land reserve, accelerated M&A speed, increased input and gradually shaped industry layout, the Group is giving play to its late-developing advantages constantly. It can be predicated that in near future our Group can form a new situation where Hangzhou flagship project achieves sustainable growth and newly acquired projects achieve rapid growth.

The core project Zhejiang Anxian Yuan achieved sustainable and rapid growth, completed operation objectives, created the best performance since its establishment and maintained strong profitability.

Located in Shanghai Free Trade Zone, the Group's wholly-owned subsidiary Shanghai Anxian Yuan has made a contract to acquire Yin Chuan Fu Shou Yuan and Zunyi Dashenshan. Yin Chuan Fu Shou Yuan is characterized by standard operation and strong development in Ningxia. Based on strategy of "hundred-year cemetery" and "leading in west China" and guided by the ideas of "steady transition, transforming and upgrading, and getting results as early as possible", our Group takes full advantage of its standard and sincerity according to the principles of "public satisfaction, government satisfaction and employee satisfaction". The cemetery construction and management service are promoted effectively based on "quality, taste and brand" in order to "make profits from upgrading, operation and acquisition". Zunyi Dashenshan is another attempt of the Group to enter into funeral market in west China. As a historical and cultural city with rich human resource, Zunyi ranked the second in Guizhou in its permanent population and second only to Guiyang City in economic total. This project has combined the functions of both funeral parlor and cemetery. With great development space on funeral service, the funeral parlor can promote cemetery sales and achieve linkage between operation and service. At present, our Group has completed the planning design as "funeral reform demonstration base in Guizhou Province" and "life culture education base". This project has entered into construction phase.

In order to form a balanced industrial layout of “coffining” and “burying”, the Hangzhou Haoletian project is accelerating its upgrading and transforming. The renovation on hardware facilities is almost completed with an aim to “provide a delicate environment and sincere services”. Hangzhou Haoletian will become an important source of main income of group. After purchasing Hangzhou Haoletian, the Group started to transform from only providing “burying” service to providing both “coffining and buying”. Further, the Group attempts to extend its business to aging industry and by doing so can locate customers in advance.

Meanwhile, our Group launches operation and management training class of Anxian Yuan Group aiming to integrate domestic funeral business development and management, expand core business efficiently, cultivate professional talents and improve talent structure. Further, this measure will be institutionalized so that it could become a cradle for operation and management talents. By doing so, it can solve the contradictions between the talent shortage and the rapid expansion of group and thus promote sustainable development.

In this new year, our Group will focus on four aspects including expansion, rationalization, improvement and efficiency: select outreach programs with emphasis on “quality”; the acquired programs will be promoted according to orders of “rationalization, improvement and efficiency” so as to achieve expected goals of newly acquired ones to become a new growth point of the Group; conduct active layout in small and medium cities with good market prospect and rich funeral resources; conduct strategic cooperation with local government; implant operation concept and management experience of Anxian Yuan gradually at the time of supporting and promoting local funeral reform; in this way, a good market environment will be created for Group’s merger and acquisition based on well-grounded development.

FINANCIAL REVIEW

For the Year, the Group recorded net profit of approximately HK\$9.8 million (2015: approximately HK\$38.1 million) on turnover of approximately HK\$108 million (2015: approximately HK\$97.4 million). Decrease in the Group’s net profit by approximately HK\$28.3 million year-on-year was mainly attributable to write-back of business tax accrual for approximately HK\$32.8 million in last year (note 5 to the financial statements). The tomb sales and unit of tomb sold for our core member, Zhejiang Anxian Yuan, were approximately HK\$97.2 million and 1,108 tombs respectively (2015: approximately HK\$93.2 million and 1,183 tombs).

To support the Group’s expansion, during the Year, the Group raised approximately HK\$139 million in aggregate by issuance of bonds and convertible bonds (2015: approximately HK\$54.3 million by placing shares). Gross assets and net assets of the Group as at 31 March 2016 were approximately HK\$1,221 million (2015: approximately HK\$847 million) and approximately HK\$590 million (2015: approximately HK\$552 million) respectively.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 31 December 2015, the Group acquired 70% of equity interest in Yin Chuan Fu Shou Yuan from third parties at a total consideration of approximately HK\$53.6 million. Yin Chuan Fu Shou Yuan is engaged in sale of burial plots and was acquired as part of the Group's strategy to expand its market share of the cemetery business. The purchase consideration for the acquisition was partly in the form of cash, and partly in the form of issued shares. As at 31 March 2016, consideration of approximately HK\$19 million was paid by cash and approximately HK\$10.8 million was satisfied by issuance of Company's shares of 66,930,000. Further details are set out in the Company's announcement dated 2 December 2015 and in note 23 to the financial statements. Pursuant to the investment agreement, after completion of the acquisition, Shanghai Anxian Yuan will inject a sum of HK\$39,738,000 into the Yin Chuan Fu Shou Yuan as share premium. As at 31 March 2016, Shanghai Anxian Yuan has injected HK\$38,197,000 to Yin Chuan Fu Shou Yuan.

On 31 March 2016, the Group acquired 80% equity interest in Zunyi Dashenshan from third parties at a total consideration of approximately HK\$48 million. Zunyi Dashenshan is engaged in the sale of burial plots and was acquired as part of the Group's strategy to expand its market share of the cemetery business. As at 31 March 2016, a consideration of approximately HK\$9.6 million has been settled in cash. Further details are set out in the Company's announcement dated 30 March 2016 and in note 23 to the financial statements.

In March 2016, Shanghai Anxian Yuan entered into an equity interest transfer agreement with an independent third party to dispose of 51% equity interests in Hebei Anxian Yuan Funeral Product Supply Co., Ltd. at a consideration of approximately HK\$3.1 million. In March 2016, Shanghai Anxian Yuan also entered into an equity interest transfer agreement with an independent third party to dispose of 51% equity interests in Guizhou Pan County Anxian Yuan Cemetery Arts Co., Ltd. at a consideration of approximately HK\$6.1 million. Details are set out in note 24 to the financial statements.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and associated companies during the Year.

OTHER INFORMATION

1. Purchase, sale or redemption of listed securities of the company

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

2. Directors' securities transactions

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

3. Corporate governance practices

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The corporate governance principle of the Company emphasizes on accountability and transparency and is adopted in the best interests of the Company and its shareholders. In addition the Company will strive to continuously improve these practices and cultivate an ethical corporate culture.

Compliance with code on corporate governance practices

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

Code provision A.1.1 of the Code

Code provision A.1.1 of the Code stipulates that the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the Year, only two regular board meetings were held to review and discuss the annual and interim results. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary.

Code Provision A.6.7 of the Code

Code provision A.6.7 of the Code provides that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the company. Due to business commitment, Mr. Cheng Gang, an Executive Director, Mr. Wang Hongjie, a Non-executive Director, and Mr. Li Xigang, an Independent Non-executive Director, were unable to attend the annual general meeting held on 18 September 2015.

Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

4. Dividend

The Directors do not recommend the payment of any dividend for the Year (2015: Nil).

5. Review by Audit Committee

The audit committee of the Company has reviewed the annual results of the Group for the Year.

6. Scope of work of Ernst & Young

The financial figures in respect of the preliminary announcement of the Group's annual results for the Year have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Ernst & Young 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 Ernst & Young on the preliminary announcement.

7. Publication of Annual Report on the website of the Stock Exchange and the Company

The Company's annual report containing all information required by the Listing Rules will be despatched to Shareholders and published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.anxianyuanchina.com in due course.

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

Hong Kong, 29 June 2016

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Shi Hua, Mr. Shi Jun, Mr. Law Fei Shing, Ms. Shen Mingzhen and Mr. Cheng Gang; one non-executive director, namely Mr. Wang Hongjie; and three independent non-executive directors, namely Mr. Chan Koon Yung, Mr. Lai Chun Yu and Mr. Li Xigang.

GLOSSARY

Bye-laws	the bye-laws of the Company, as amended from time to time
Code	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the Listing Rules
Company/Anxian Yuan	Anxian Yuan China Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Director(s)	the director(s) of the Company
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
Hangzhou Haoletian	杭州好樂天禮儀服務有限公司 (in English, for identification purposes, Hangzhou Haoletian Etiquette Services Co., Ltd), a company established in the PRC with limited liability
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)
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
Shanghai Anxian Yuan	安賢園 (上海) 陵園投資管理有限公司 (in English, for identification purpose, Anxian Yuan (Shanghai) Cemeteries Investment Management Company Limited), a limited liability company established in the China (Shanghai) Pilot Free Trade Zone under the laws of the PRC
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)
Share Option Scheme	the share option scheme adopted by the Company on 18 July 2008
Stock Exchange	The Stock Exchange of Hong Kong Limited
Year	the year ended 31 March 2016
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 Dashenshan 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