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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: 0922)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

The Board of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30 September 2015 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2015

		Unaudited	
		Six months ended	
		30 September	
		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	51,866	46,715
Cost of sales		<u>(12,132)</u>	<u>(12,601)</u>
Gross profit		39,734	34,114
Other income and gains	4	76	4,908
Selling and distribution expenses		(4,412)	(7,687)
Administrative expenses		(31,258)	(19,267)
Finance costs		(538)	(2)
Share of gain of an associate		<u>436</u>	<u>—</u>
Profit before tax	5	4,038	12,066
Income tax expense	6	<u>(1,503)</u>	<u>(6,318)</u>

* For identification purposes only

		Unaudited	
		Six months ended	
		30 September	
		2015	2014
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period		2,535	5,748
Attributable to:			
Owners of the parent		2,255	5,609
Non-controlling interests		280	139
		2,535	5,748
Earnings per share attributable to ordinary equity holders of the parent			
Basic (<i>HK cents</i>)	7	0.03	0.09
Diluted (<i>HK cents</i>)	7	0.03	0.09

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Six months ended 30 September 2015*

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	<u>2,535</u>	<u>5,748</u>
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(19,681)</u>	<u>402</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(19,681)</u>	<u>402</u>
Total comprehensive (loss)/income for the period	<u>(17,146)</u>	<u>6,150</u>
Attributable to:		
Owners of the parent	(16,904)	6,004
Non-controlling interests	<u>(242)</u>	<u>146</u>
	<u>(17,146)</u>	<u>6,150</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 September 2015

		Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		16,090	17,927
Investment properties		1,029	1,230
Intangible assets	8	377,777	392,432
Investment in an associate		4,642	4,374
Available-for-sale investments		2,436	2,525
Prepayments	12	13,629	14,834
Cemetery assets	9	118,597	120,727
		<hr/>	<hr/>
Total non-current assets		534,200	554,049
		<hr/>	<hr/>
Current assets			
Inventories	10	145,358	144,707
Trade receivables	11	21,672	22,458
Prepayments, deposits and other receivables	12	39,658	24,415
Pledged deposits		19,371	20,073
Cash and cash equivalents		40,015	81,506
		<hr/>	<hr/>
Total current assets		266,074	293,159
		<hr/>	<hr/>
Current liabilities			
Trade payables	13	9,913	15,880
Other payables and accruals		4,470	7,718
Deferred income	14	2,474	2,271
Interest-bearing bank borrowings		65,679	116,666
Amount due to a non-controlling shareholder		1,136	1,171
Tax payable		24,556	29,541
		<hr/>	<hr/>
Total current liabilities		108,228	173,247
		<hr/>	<hr/>
Net current assets		157,846	119,912
		<hr/>	<hr/>
Total assets less current liabilities		692,046	673,961
		<hr/>	<hr/>

		Unaudited	Audited
		30 September	31 March
		2015	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Interest-bearing bank borrowings		27,656	8,837
Deferred income	14	11,760	13,090
Deferred tax liabilities		97,660	99,914
		<hr/>	<hr/>
Total non-current liabilities		137,076	121,841
		<hr/>	<hr/>
Net assets		554,970	552,120
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		536,752	529,162
Reserves		5,885	14,043
		<hr/>	<hr/>
		542,637	543,205
		<hr/>	<hr/>
Non-controlling interests		12,333	8,915
		<hr/>	<hr/>
Total equity		554,970	552,120
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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. During the Period, the Group's principal activity is performing Cemetery Business in the PRC.

In the opinion of the Directors, the controlling shareholder of the Company is Mr. Shi Hua.

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 HKICPA and with the application disclosure requirements of the Listing Rules.

These financial statements have been prepared under the historical cost convention. They are presented in HK\$ 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 2015.

2.2 NEW AND REVISED HKFRSs ADOPTED BY THE GROUP

Except as described below, the accounting policies used in the 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 2015. In the Period, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements.

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

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

The Group has not early adopted any other new or revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements ¹
Annual Improvements 2012-2014 Cycle	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 2017

³ Effective for annual periods beginning on or after 1 January 2018

⁴ 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

The Group is in the process of making an assessment of the potential impact of the above new and revised standards, amendments or interpretations and the Directors so far concluded that the application of these new or revised HKFRSs will have no material impact on the Group's financial statements.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making assessment of the impact of these changes.

3. OPERATING SEGMENT INFORMATION

For management purpose, 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

	Unaudited Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Mainland China	<u>51,866</u>	<u>46,715</u>

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

(b) Non-current assets

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000 (Restated)
Hong Kong	649	869
Mainland China	531,115	550,655
	531,764	551,524

The non-current asset 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 2015 and 30 September 2014.

4. 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 Period.

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

	Unaudited Six months ended 30 September 2015 HK\$'000	2014 HK\$'000
Revenue		
Sales of tombs	48,727	45,921
Management fee income	1,252	794
Burial service	1,556	–
Sales of funeral supplies	331	–
	51,866	46,715
Other income and gains		
Bank interest income	63	23
Write back of provision for columbarium construction cost	–	4,885
Gain on disposal of property, plant and equipment	13	–
	76	4,908

5. PROFIT BEFORE TAX

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

	Unaudited Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Cost of inventories sold	9,388	9,236
Cost of services provided	153	–
Directors' and chief executive's remuneration (including share options granted)**	10,550	1,399
Wages and salaries	8,983	1,176
Amortisation of intangible assets (note 8)*	948	1,025
Amortisation of cemetery assets (note 9)*	1,643	2,341
Share option expense – consultants**	3,100	–
Auditor's remuneration	611	300
Depreciation		
– Property, plant and equipment	2,000	1,237
– Investment properties	162	163
Foreign exchange differences, net	–	2
Minimum lease payments under operating lease	1,141	1,530

* The amortisation of intangible assets and cemetery assets for the Period are included in “cost of sales” in the condensed consolidated statement of profit or loss.

** The share option expense for the Period is included in “administrative expenses” in the condensed consolidated statement of profit or loss.

6. 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 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 Period.

Provision for Mainland China current income tax for the Period is based on the statutory rate of 25% (2014: 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	
	2015	2014
	HK\$'000	HK\$'000
Current tax		
Income tax in the PRC for the period	5,614	4,940
Overprovisions in prior years	(5,250)	–
Deferred tax	1,139	1,378
Total tax charge for the period	1,503	6,318

7. 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 Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 6,867,269,000 (2014: 6,420,623,000) in issue during the Period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, 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:

	Unaudited	
	Six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	2,255	5,609

	Unaudited Six months ended 30 September	
	<i>Number of</i> <i>shares</i> <i>('000)</i>	<i>Number of</i> <i>shares</i> <i>('000)</i>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,867,269	6,420,623
Effect of dilution – weighted average number of ordinary shares:		
Share options	58,118	79,158
	6,925,387	6,499,781

8. INTANGIBLE ASSETS

	Unaudited Six months ended 30 September 2015 HK\$'000	Audited year ended 31 March 2015 HK\$'000
Cost:		
At 1 April 2015/1 April 2014	406,439	405,947
Exchange realignment	(14,221)	492
At 30 September 2015/31 March 2015	392,218	406,439
Accumulated depreciation:		
At 1 April 2015/1 April 2014	(14,007)	(11,938)
Charge for the Period/year	(948)	(2,053)
Exchange realignment	514	(16)
At 30 September 2015/31 March 2015	(14,441)	(14,007)
Net carrying amount:		
At 30 September 2015/31 March 2015	377,777	392,432

Intangible assets represented the cemetery licence, which was acquired by business combination of a subsidiary, Zhejiang Anxian Yuan, in the year of 2010.

9. CEMETERY ASSETS

	Unaudited Six months ended 30 September 2015 HK\$'000	Audited year ended 31 March 2015 HK\$'000
At 1 April 2015/1 April 2014 (restated)		
Cost	142,344	84,353
Accumulated amortisation	(21,617)	(20,405)
Net carrying amount	<u>120,727</u>	<u>63,948</u>
During the Period/year		
Opening net carrying amount	120,727	63,948
Additions	4,268	72,888
Transfers to inventories	(572)	(13,565)
Amortisation for the Period/year	(1,643)	(2,631)
Exchange realignment	(4,183)	87
Closing net carrying amount	<u>118,597</u>	<u>120,727</u>
At 30 September 2015/31 March 2015		
Cost	140,963	142,344
Accumulated amortisation	(22,366)	(21,617)
Net carrying amount	<u>118,597</u>	<u>120,727</u>

Cemetery assets mainly represent the construction cost of public facilities in the cemetery. Amortisation for cemetery assets is provided on a straight-line basis over their useful lives, which are 20 years for tree plantation and 40 years for landscape and roads.

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

10. INVENTORIES

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Inventories		
– Tombs	<u>145,358</u>	<u>144,707</u>

As at 30 September 2015, inventories of approximately HK\$125,033,000 (31 March 2015: approximately HK\$121,330,000) are expected to be recovered more than one year.

11. TRADE RECEIVABLES

	Unaudited As at 30 September 2015 <i>HK\$'000</i>	Audited As at 31 March 2015 <i>HK\$'000</i>
Trade receivables	<u>21,672</u>	<u>22,458</u>

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 Period, based on the invoice date and net of provisions, is as follows:

	Unaudited As at 30 September 2015 <i>HK\$'000</i>	Audited As at 31 March 2015 <i>HK\$'000</i>
Over 365 days	<u>21,672</u>	<u>22,458</u>

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

	Unaudited As at 30 September 2015 <i>HK\$'000</i>	Audited As at 31 March 2015 <i>HK\$'000</i>
Neither past due nor impaired	–	–
Over 365 days past due	<u>21,672</u>	<u>22,458</u>
	<u>21,672</u>	<u>22,458</u>

As at 30 September 2015, trade receivables of approximately HK\$21,672,000 (31 March 2015: approximately HK\$22,458,000) related to a customer with good repayment history. Management believes that no impairment allowance is necessary in respect of these balances as the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited As at 30 September 2015 <i>HK\$'000</i>	Audited As at 31 March 2015 <i>HK\$'000</i>
Prepayments	39,196	38,114
Deposits and other receivables	<u>88,558</u>	<u>75,602</u>
	127,754	113,716
Less: Provision for impairment loss	<u>(74,467)</u>	<u>(74,467)</u>
	<u>53,287</u>	<u>39,249</u>
	Unaudited As at 30 September 2015 <i>HK\$'000</i>	Audited As at 31 March 2015 <i>HK\$'000</i>
Prepayments:		
Analysed into:		
Current	25,567	23,280
Non-current	<u>13,629</u>	<u>14,834</u>
	<u>39,196</u>	<u>38,114</u>

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

Except for those amounts with provision for impairment as 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.

There were no movements in the provision for impairment loss on other receivables for the Period and for the year ended 31 March 2015.

13. TRADE PAYABLES

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Trade payables	9,913	15,880

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

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Within 90 days	36	455
91 to 180 days	9,877	15,425
	9,913	15,880

The trade payables are non-interest-bearing and are normally settled from 90 days to 3 years.

14. DEFERRED INCOME

	Unaudited Six months ended 30 September 2015 HK\$'000	Audited Year ended 31 March 2015 HK\$'000
At 1 April 2015 and 1 April 2014 (restated)	15,361	16,202
Additions	631	1,368
Released to profit or loss during the Period/year	(1,252)	(2,223)
Exchange realignment	(506)	14
At 30 September 2015 and 31 March 2015	14,234	15,361

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Analysed into:		
Current	2,474	2,271
Non-current	11,760	13,090
	14,234	15,361

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 method over a period of the contractual periods (which are generally ten years).

15. 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. 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 was converted at the conversion price of HK\$0.10 each into 30,000,000 ordinary shares of the Company at HK\$0.10 each.

16. EVENTS AFTER THE REPORTING DATE

On 29 October 2015, the Company entered into a subscription agreement with a subscriber pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue convertible bonds (the “CBs”) and bonds in the principal amount of HK\$50,000,000 and HK\$90,000,000 respectively, subject to the fulfillment (or waiver) of certain conditions precedent. The Company intends to apply the net proceeds for general working capital and acquisition of certain assets. Upon full conversion of the CBs at the conversion price of HK\$0.14975 per conversion share, a total of 333,889,816 conversion shares will be issued, representing approximately 6.22% of the existing issued share capital of the Company and approximately 5.86% of the issued share capital of the Company as enlarged by the issue of the conversion shares. Details are set out in the Company’s announcement dated 2 November 2015. The transaction was completed on 17 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group continued its focus on Cemetery Business in the PRC which the Directors believe has ample growth business opportunities. In addition to construct burial sites for sale to its customers, the Group also provided with its customers funeral services and supplies. The Group continued to expand its business through generic growth and acquisition via its operation headquarter in Hangzhou and its investment arm in Shanghai.

Our operation headquarter in Hangzhou, the PRC, responsible for the coordination of business development and management of cemeteries in the PRC, has been functioning since March 2014. The headquarter will continue to support the expansion of our Cemetery Business and will help allocation of economic resources with a view to enhancing the Groups competitiveness in the PRC.

Our investment arm, Shanghai Anxian Yuan, a company established in the China (Shanghai) Pilot Free Trade Zone under the laws of the PRC in November 2013, has set up several branch companies in various districts in the PRC and has commenced investments in several cemetery-related projects.

BUSINESS OUTLOOK

The issues of birth, old age, sickness and death are entwining human beings eternally. With the growing trend of China's aged population and economic growth, the funeral business, a high-spending specialty industry, is experiencing a long-term growing business opportunity.

For the past few years, the Group has conducted all-round strategic adjustments from management structure of the Group to the strategic layout of its overall business, and is fully prepared for the opportunities and challenges coming ahead.

FINANCIAL REVIEW

For the Period, the Group recorded net profit of approximately HK\$2,535,000 (2014: approximately HK\$5,748,000) after deducting share option expenses of approximately HK\$11,700,000 (2014: Nil) on turnover of approximately HK\$51,866,000 (2014: approximately HK\$46,715,000). During the Period, Anxian Yuan sold 551 burial sites (2014: 592 burial sites).

The net assets of the Group as at 30 September 2015 was approximately HK\$554,970,000 (31 March 2015: approximately HK\$552,120,000).

OTHER INFORMATION

DIVIDEND

The Directors do not recommend the payment of any dividend for the Period (2014: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

Throughout the Period, the Company has complied with the Code in so far as they are applicable except for the deviation from Code A.1.1 and Code A.6.7 of the Code.

Code provision A.1.1 of the Code

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

Code Provision A.6.7 of the Code

Code provision A.6.7 of the Code provides that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the company. Due to 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 of the Company 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.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters for the Period. The Group's unaudited condensed consolidated financial statements for the Period have been reviewed by the audit committee of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

PUBLICATION OF INTERIM RESULTS

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited 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 2015 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 2015

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

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

Board	the board of Directors
Cemetery Business	an operating segment of the Group which is engaged in the provision of cemetery services
Code	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the Listing Rules
Company/Anxian Yuan China Holdings	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) of the Company
Group	the Company and its subsidiaries
HKAS	the Hong Kong Accounting Standards issued by HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by 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) of the Company
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) of the Company

Period	The six months ended 30 September 2015
PRC	the People's Republic of China, which for the purpose of this report exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Shanghai Anxian Yuan	安賢園（上海）陵園投資管理有限公司 (in English, for identification purpose only, 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)
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 only, 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
US\$	United States dollars, the lawful currency of USA
%	per cent