



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)

The background is a soft-focus illustration of a forest. It features several tall, thin trees with intricate, branching structures. The trees are rendered in various shades of green and white, giving them a delicate, almost ethereal appearance. In the foreground, there are smaller, more detailed plants and seedlings with green stems and small leaves. The overall color palette is dominated by various shades of green, from light and airy to deep and rich, set against a slightly hazy, light background.

INTERIM REPORT
2016

www.anxianyuanchina.com

* For Identification Purposes Only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shi Hua (*Chairman*)

Mr. Shi Jun (*Chief Executive Officer*)

Mr. Law Fei Shing (*Deputy Chief Executive Officer*)

Ms. Shen Mingzhen (*Deputy Chief Executive Officer*)

Mr. Cheng Gang (*Deputy Chief Executive Officer*)

Non-executive Director

Mr. Wang Hongjie

Independent Non-executive Directors

Mr. Chan Koon Yung

Mr. Lai Chun Yu

Mr. Li Xigang

COMPANY SECRETARY

Mr. Law Fei Shing

AUDIT COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lai Chun Yu

Mr. Li Xigang

REMUNERATION COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lai Chun Yu

Mr. Li Xigang

NOMINATION COMMITTEE

Mr. Shi Hua (*Committee Chairman*)

Mr. Chan Koon Yung

Mr. Lai Chun Yu

Mr. Li Xigang

AUTHORISED REPRESENTATIVES

Mr. Shi Hua

Mr. Law Fei Shing

AUDITOR

Ernst & Young

Certified Public Accountants

22nd Floor, CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited

Wing Lung Bank Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9th Floor, Cheuk Nang Plaza

250 Hennessy Road

Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited

Level 22, Hopewell Centre

183 Queen's Road East, Hong Kong

SHARE INFORMATION

Stock code: 00922

Board lot: 20,000 shares

Web site: www.anxianyuanchina.com

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).

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the net cash outflow was approximately HK\$39,145,000 (2014: net cash inflow of approximately HK\$48,749,000). As at 30 September 2015, the cash and cash equivalents of the Group were approximately HK\$40,015,000 (31 March 2015: approximately HK\$81,506,000). The Group had short-term and long-term bank borrowings of approximately HK\$65,679,000 (31 March 2015: approximately HK\$116,666,000) and approximately HK\$27,656,000 (31 March 2015: approximately HK\$8,837,000) respectively at the end of the Period.

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.31 (31 March 2015: 0.35).

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON ASSETS

As at 30 September 2015, the Group's short-term bank borrowings of approximately HK\$18,165,000 and approximately HK\$41,423,000 were secured by pledging of the Group's bank deposits of approximately HK\$18,275,000 and the Group's deposits of approximately HK\$1,096,000 paid to a financial institute respectively. Details are set out in notes 19 and 23 to the condensed consolidated financial statements.

LITIGATION

No outstanding litigation as at 30 September 2015 was noted.

FINANCIAL GUARANTEE

Details of the financial guarantee of the Group are set out in note 30 to the condensed consolidated financial statements.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Period, the Group's business was mainly denominated in RMB. The PRC subsidiaries of the Group were operated in the PRC. All transactions, assets and liabilities of the PRC subsidiaries were denominated in RMB and were translated into HK\$ at period end date as foreign operations. No foreign currency hedge was made during the Period.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2015, the Group had 14 employees (including Directors) in Hong Kong (31 March 2015: 14 employees) and 159 employees in the PRC (31 March 2015: 155 employees). The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary and mandatory provident fund, employees are entitled to other benefits such as share option scheme, of which the Directors may, at their discretion, grant options to employees of the Group. The remuneration policies of the Groups employees are subject to review regularly.

The Group has a share option scheme available for Directors and employees of the Company or any of its subsidiaries.

Total staff costs (including Directors) for the Period amounted to approximately HK\$19,533,000 (2014: approximately HK\$2,575,000), of which contribution to mandatory provident fund and share options granted accounted for approximately HK\$70,000 (2014: approximately HK\$96,000) and HK\$8,600,000 (2014: Nil) respectively.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

No acquisition and disposal of subsidiaries and associated companies were noted during the Period.

OTHER INFORMATION

RESULTS AND DIVIDEND

The results of the Group for the Period are set out under the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income on pages 12 and 13.

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

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2015, the interests and short positions of the Directors and the chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Position in ordinary shares of HK\$0.01 each and underlying shares

Name of Director	Nature of interest/ Capacity	Number of Shares held	Number of Underlying Shares held	Share option	Aggregate interest	Approximate percentage of shareholding <i>(Note 2)</i>	Notes
Mr. Shi Hua	Beneficial Owner	221,780,000	–	5,000,000	226,780,000	4.23%	
	Interest of controlled corporation	1,150,000,000	1,150,000,000	–	2,300,000,000	42.85%	1
Mr. Shi Jun	Beneficial Owner	122,000,000	–	43,000,000	165,000,000	3.07%	
Mr. Law Fei Shing	Beneficial Owner	20,000,000	–	37,000,000	57,000,000	1.06%	
Ms. Shen Mingzhen	Beneficial Owner	122,000,000	–	43,000,000	165,000,000	3.07%	
Mr. Cheng Gang	Beneficial Owner	–	–	43,000,000	43,000,000	0.80%	
Mr. Wang Hongjie	Beneficial Owner	–	–	43,000,000	43,000,000	0.80%	
Mr. Chan Koon Yung	Beneficial Owner	–	–	5,000,000	5,000,000	0.09%	
Mr. Lai Chun Yu	Beneficial Owner	–	–	5,000,000	5,000,000	0.09%	
Mr. Li Xigang	Beneficial Owner	–	–	5,000,000	5,000,000	0.09%	

Notes:

- 1,150,000,000 underlying shares represent the Shares which might be allotted and issued to Master Point Overseas Limited upon the exercise in full of the conversion right attached to convertible notes. Master Point Overseas Limited is a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is legally and beneficially owned by Mr. Shi Hua. Mr. Shi Hua therefore deemed to be interested in 1,150,000,000 underlying shares held by Master Point Overseas Limited.
- The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2015 which was 5,367,522,600.

Save as disclosed above, as at 30 September 2015, none of the Directors or the Chief Executives had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2015, so far as is known to the Directors and according to the register kept by the Company under Section 336 of the SFO, the following Shareholders, other than a Director or Chief Executive Officer, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Long positions in the ordinary Shares:

Name of Shareholder	Nature of interest/ Capacity	Number of Shares held	Number of Underlying Shares held	Aggregate interest	Approximate percentage of shareholding <i>(Note 4)</i>	Notes
Master Point Overseas Limited	Beneficial Owner	1,150,000,000	1,150,000,000	2,300,000,000	42.85%	1
Ample Fortunate Limited	Beneficial Owner	150,000,000	350,000,000	500,000,000	9.32%	2
Mr. Yu Xiaogou	Interest of controlled corporation	150,000,000	350,000,000	500,000,000	9.32%	2
	Beneficial Owner	100,000,000	–	100,000,000	1.86%	
Taiping Trustees Limited	Trustee	320,000,000	–	320,000,000	5.96%	3
Taiping Assets Management (HK) Company Limited	Investment Manager	320,000,000	–	320,000,000	5.96%	3
China Taiping Insurance Holdings Company Limited	Interest of controlled corporation	320,000,000	–	320,000,000	5.96%	3
Ever Ability Investment Limited	Beneficiary of a trust	320,000,000	–	320,000,000	5.96%	3
Mr. Lu Guofu	Interest of controlled corporation	320,000,000	–	320,000,000	5.96%	3
	Beneficial Owner	80,000,000	–	80,000,000	1.49%	
Mr. Han Min	Beneficiary of a trust	320,000,000	–	320,000,000	5.96%	3
Mr. He Yongwei	Beneficiary of a trust	320,000,000	–	320,000,000	5.96%	3
Ms. Wang Guozhen	Beneficiary of a trust	320,000,000	–	320,000,000	5.96%	3
Mr. Zhang Shenghua	Beneficiary of a trust	320,000,000	–	320,000,000	5.96%	3
Mr. Sun Xingrong	Beneficiary of a trust	320,000,000	–	320,000,000	5.96%	3
Mr. Feng Shouzheng	Beneficiary of a trust	320,000,000	–	320,000,000	5.96%	3

Notes:

- 1,150,000,000 underlying shares represent the Shares which might be allotted and issued to Master Point Overseas Limited upon the exercise in full of the conversion right attached to convertible notes. The interests of Master Point Overseas Limited were also disclosed as the interests of Mr. Shi Hua, the beneficial owner of Master Point Overseas Limited, in the above section headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION".
- 350,000,000 underlying shares represent the Shares which might be allotted and issued to Ample Fortunate Limited upon the exercise in full of the conversion right attached to convertible notes. Ample Fortunate Limited is a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is legally and beneficially owned by Mr. Yu Xiaogou. Mr. Yu Xiaogou therefore deemed to be interested in 350,000,000 underlying shares held by Ample Fortunate Limited.

OTHER INFORMATION

- 320,000,000 Shares are held by Taiping Trustees Limited – Taiping Bacui China Investment Fund (an investment fund established in Hong Kong), the trustee of which is Taiping Trustees Limited and the manager is Taiping Assets Management (HK) Company Limited, companies ultimately controlled by China Taiping Insurance Group Limited, a PRC state-owned financial and insurance group.

Ever Ability Investment Limited (the entire issued share capital of which is legally and beneficially owned by Mr. Lu Guofu), Mr. Han Min, Mr. He Yongwei, Ms. Wang Guozhen, Mr. Zhang Shenghua, Mr. Sun Xingrong and Mr. Feng Shouzheng are the beneficiary of trust.

Therefore, each of Taiping Trustees Limited, Taiping Assets Management (HK) Company Limited, China Taiping Insurance Holdings Company Limited, Ever Ability Investment Limited, Mr. Lu Guofu, Mr. Han Min, Mr. He Yongwei, Ms. Wang Guozhen, Mr. Zhang Shenghua, Mr. Sun Xingrong and Mr. Feng Shouzheng is also deemed to be interested in the 320,000,000 Shares under the SFO.

- The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2015 which was 5,367,522,600.

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" in this report and those acquired pursuant to the Share Option Scheme, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the Period had the Directors and the Chief Executives (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the Shares (or warrants or debentures, if applicable) of, the Company and its associated corporations (within the meaning of the SFO).

SHARE OPTION SCHEME

The Company operates Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include the Directors, employees, suppliers of goods or services to the Group, customers of the Group, any person or entity that provides research, development or other technological support to the Group, consultant or adviser to the Group, any shareholders of the Group or any company wholly owned by one or more persons belonging to any of the participants described above. The Share Option Scheme became effective on 18 July 2008 (the "Adoption Date") and will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the Adoption Date (the "Scheme Mandate Limit"). This Scheme Mandate Limit can be refreshed by the Shareholders' approval in general meeting. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at the offer date. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

OTHER INFORMATION

Notwithstanding anything hereinbefore contained and subject to the maximum entitlement of each participant mentioned hereinafter, the maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% (or such other high percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period, if any, and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing shares. The share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

Movements relating to the share options granted during the Period were as follows:

Name and category of participant	Date of grant	Exercisable period	Number of options				Exercise price per Share HK\$
			Balance at 1 April 2015	Granted during the Period	Exercised during the Period	Balance at 30 September 2015	
Executive Directors							
Mr. Law Fei Shing	30 July 2009	31 July 2009 to 17 July 2018	16,000,000	–	–	16,000,000	0.604
Mr. Law Fei Shing	6 July 2010	7 July 2010 to 17 July 2018	3,000,000	–	–	3,000,000	0.435
Mr. Law Fei Shing	31 March 2012	3 April 2012 to 17 July 2018	8,000,000	–	–	8,000,000	0.101
Mr. Law Fei Shing	5 August 2015	6 August 2015 to 17 July 2018	–	10,000,000	–	10,000,000	0.138
Mr. Shi Hua	5 August 2015	6 August 2015 to 17 July 2018	–	5,000,000	–	5,000,000	0.138
Mr. Shi Jun	5 August 2015	6 August 2015 to 17 July 2018	–	43,000,000	–	43,000,000	0.138
Ms. Shen Mingzhen	5 August 2015	6 August 2015 to 17 July 2018	–	43,000,000	–	43,000,000	0.138
Mr. Cheng Gang	5 August 2015	6 August 2015 to 17 July 2018	–	43,000,000	–	43,000,000	0.138

OTHER INFORMATION

Name and category of participant	Date of grant	Exercisable period	Number of options				Exercise price per Share HK\$
			Balance at 1 April 2015	Granted during the Period	Exercised during the Period	Balance at 30 September 2015	
Non-executive Director							
Mr. Wang Hongjie	5 August 2015	6 August 2015 to 17 July 2018	–	43,000,000	–	43,000,000	0.138
Independent Non-executive Directors							
Mr. Chan Koon Yung	5 August 2015	6 August 2015 to 17 July 2018	–	5,000,000	–	5,000,000	0.138
Mr. Lai Chun Yu	5 August 2015	6 August 2015 to 17 July 2018	–	5,000,000	–	5,000,000	0.138
Mr. Li Xigang	5 August 2015	6 August 2015 to 17 July 2018	–	5,000,000	–	5,000,000	0.138
			27,000,000	202,000,000	–	229,000,000	
Employees							
In aggregate	30 July 2009	31 July 2010 to 17 July 2018	2,000,000	–	–	2,000,000	0.604
In aggregate	6 July 2010	7 July 2010 to 17 July 2018	500,000	–	–	500,000	0.435
In aggregate	25 October 2010	26 October 2010 to 17 July 2018	1,200,000	–	–	1,200,000	0.415
In aggregate	31 March 2012	3 April 2012 to 17 July 2018	3,000,000	–	–	3,000,000	0.101
			6,700,000	–	–	6,700,000	
Third parties							
In aggregate	6 July 2010	7 July 2010 to 17 July 2018	20,000,000	–	–	20,000,000	0.435
In aggregate	25 October 2010	26 October 2010 to 17 July 2018	45,000,000	–	–	45,000,000	0.415
In aggregate	31 March 2012	3 April 2012 to 17 July 2018	112,062,260	–	(45,900,000)	66,162,260	0.101
In aggregate	5 August 2015	6 August 2015 to 17 July 2018	–	70,000,000	–	70,000,000	0.138
			177,062,260	70,000,000	(45,900,000)	201,162,260	
Total			210,762,260	272,000,000	(45,900,000)	436,862,260	

OTHER INFORMATION

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.

COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Period.

CHANGE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

The Change in the information of Directors since the publication of the 2015 Annual Report is set out below pursuant to Rule 13.51B(1) of the Listing Rules.

With effect from 1 September 2015, the amount of director's emoluments of the following Directors have been adjusted as follows:

- The director's emolument of Mr. Shi Hua, an Executive Director and the Chairman of the Company, has been increased from HK\$30,000 to HK\$130,000 per month;
- The director's emolument of Mr. Shi Jun, an Executive Director and the Chief Executive Officer of the Company, has been increased from HK\$20,000 to HK\$110,000 per month;
- The director's emolument of Mr. Law Fei Shing, an Executive Director and a deputy chief executive officer of the Company, has been increased from HK\$80,000 to HK\$100,000 per month; and
- The director's emolument of Ms. Sheng Mingzhen, an Executive Director and a deputy chief executive officer of the Company, has been increased from HK\$20,000 to HK\$100,000 per month.

OTHER INFORMATION

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.

By order of the Board

Anxian Yuan China Holdings Limited

Mr. Shi Hua

Chairman

Hong Kong, 30 November 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2015

	Notes	Unaudited Six months ended 30 September	
		2015 HK\$'000	2014 HK\$'000
REVENUE	4	51,866	46,715
Cost of sales		(12,132)	(12,601)
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	6	(538)	(2)
Share of gain of an associate		436	–
PROFIT BEFORE TAX	5	4,038	12,066
Income tax expense	7	(1,503)	(6,318)
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>)	9	0.03	0.09
Diluted (<i>HK cents</i>)	9	0.03	0.09

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2015

	Unaudited	
	Six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
PROFIT FOR THE PERIOD	2,535	5,748
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(19,681)	402
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(19,681)	402
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(17,146)	6,150
Attributable to:		
Owners of the parent	(16,904)	6,004
Non-controlling interests	(242)	146
	(17,146)	6,150

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2015

	<i>Notes</i>	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	16,090	17,927
Investment properties	11	1,029	1,230
Intangible assets	12	377,777	392,432
Investment in an associate	13	4,642	4,374
Available-for-sale investments	14	2,436	2,525
Prepayments	18	13,629	14,834
Cemetery assets	15	118,597	120,727
Total non-current assets		534,200	554,049
CURRENT ASSETS			
Inventories	16	145,358	144,707
Trade receivables	17	21,672	22,458
Prepayments, deposits and other receivables	18	39,658	24,415
Pledged deposits	19	19,371	20,073
Cash and cash equivalents	19	40,015	81,506
Total current assets		266,074	293,159
CURRENT LIABILITIES			
Trade payables	20	9,913	15,880
Other payables and accruals	21	4,470	7,718
Deferred income	22	2,474	2,271
Interest-bearing bank borrowings	23	65,679	116,666
Amount due to a non-controlling shareholder		1,136	1,171
Tax payable		24,556	29,541
Total current liabilities		108,228	173,247
NET CURRENT ASSETS		157,846	119,912
TOTAL ASSETS LESS CURRENT LIABILITIES		692,046	673,961
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	23	27,656	8,837
Deferred income	22	11,760	13,090
Deferred tax liabilities		97,660	99,914
Total non-current liabilities		137,076	121,841
Net assets		554,970	552,120
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	536,752	529,162
Reserves		5,885	14,043
		542,637	543,205
Non-controlling interests		12,333	8,915
Total equity		554,970	552,120

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2015

	Unaudited									
	Attributable to owners of the parent									
	Share capital HK\$'000	Share premium account* HK\$'000	Share-based compensation reserve* HK\$'000	Convertible notes reserve* HK\$'000	Statutory reserve fund* HK\$'000	Exchange fluctuation reserve* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2015	529,162	225,446	14,145	68,414	4,838	30,798	(329,598)	543,205	8,915	552,120
Profit for the Period	-	-	-	-	-	-	2,255	2,255	280	2,535
Other comprehensive income for the Period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(19,159)	-	(19,159)	(522)	(19,681)
Total comprehensive (loss)/income for the Period	-	-	-	-	-	(19,159)	2,255	(16,904)	(242)	(17,146)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	3,660	3,660
Share options granted	-	-	11,700	-	-	-	-	11,700	-	11,700
Exercise of share options	4,590	1,524	(1,478)	-	-	-	-	4,636	-	4,636
Conversion of convertible notes	3,000	(1,659)	-	(1,341)	-	-	-	-	-	-
Transfer from retained profits	-	-	-	-	1,441	-	(1,441)	-	-	-
At 30 September 2015	536,752	225,311	24,367	67,073	6,279	11,639	(328,784)	542,637	12,333	554,970

Notes

25(c)

* These reserve accounts comprise the consolidated reserves of approximately HK\$5,885,000 (31 March 2015: approximately HK\$14,043,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2015

	Unaudited									
	Attributable to owners of the parent									
	Share capital HK\$'000	Share premium account HK\$'000	Share-based compensation reserve HK\$'000	Convertible notes reserve HK\$'000	Statutory reserve fund HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2014										
As previously reported	444,062	225,296	16,882	88,536	1,970	30,658	(359,801)	447,603	8,299	455,902
Prior year adjustments	-	-	-	-	-	(455)	(4,483)	(4,938)	(101)	(5,039)
As restated	444,062	225,296	16,882	88,536	1,970	30,203	(364,284)	442,665	8,198	450,863
Profit for the period	-	-	-	-	-	-	5,609	5,609	139	5,748
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	395	-	395	7	402
Total comprehensive income for the period	-	-	-	-	-	395	5,609	6,004	146	6,150
Issue of shares	32,000	22,339	-	-	-	-	-	54,339	-	54,339
Lapse of share options	-	-	(64)	-	-	-	64	-	-	-
Transfer from retained profits	-	-	-	-	1,041	-	(1,041)	-	-	-
At 30 September 2014 (restated)	476,062	247,635	16,818	88,536	3,011	30,598	(359,652)	503,008	8,344	511,352

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2015

	Unaudited	
	Six months ended 30 September 2015	Six months ended 30 September 2014
	HK\$'000	HK\$'000
Net cash flows (used in)/from operating activities	(18,028)	7,560
Net cash flows used in investing activities	(654)	(14,905)
Net cash flows (used in)/from financing activities	(20,463)	56,094
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(39,145)	48,749
Cash and cash equivalents at beginning of period	81,506	10,703
Effect of foreign exchange rate changes, net	(2,346)	147
CASH AND CASH EQUIVALENTS AT END OF PERIOD	40,015	59,599

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

2.2 NEW AND REVISED HKFRSs ADOPTED BY THE GROUP (CONTINUED)

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 HK\$'000	2014 HK\$'000
Mainland China	51,866	46,715

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

3. OPERATING SEGMENT INFORMATION (CONTINUED)

(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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

5. PROFIT BEFORE TAX

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

	Unaudited Six months ended 30 September	
	2015 HK\$'000	2014 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) (note 28)**	10,550	1,399
Wages and salaries	8,983	1,176
Amortisation of intangible assets (note 12)*	948	1,025
Amortisation of cemetery assets (note 15)*	1,643	2,341
Share option expense – consultants**	3,100	–
Auditor's remuneration	611	300
Depreciation		
– Property, plant and equipment (note 10)	2,000	1,237
– Investment properties (note 11)	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. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
Interest on interest-bearing bank borrowings wholly repayable within five years	3,257	3,580
Interest on promissory notes	–	464
Total Interest expense	3,257	4,044
Less: Interest capitalised	(2,719)	(4,042)
	538	2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which 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 HK\$'000	2014 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

8. DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (2014: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

9. 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	
	Number of shares	Number of shares
	('000)	('000)
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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
Cost:					
Audited					
At 1 April 2014	7,755	1,535	5,245	398	14,933
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	6	2	19
At 31 March 2015	15,749	2,420	8,172	1,131	27,472
Unaudited					
At 1 April 2015	15,749	2,420	8,172	1,131	27,472
Additions	54	77	570	15	716
Disposals	–	–	(73)	–	(73)
Exchange realignment	(551)	(72)	(258)	(21)	(902)
At 30 September 2015	15,252	2,425	8,411	1,125	27,213
Accumulated depreciation:					
Audited					
At 1 April 2014	(3,969)	(935)	(3,052)	(310)	(8,266)
Charge for the year	(1,305)	(337)	(962)	(230)	(2,834)
Disposals	–	485	770	313	1,568
Exchange realignment	(6)	(2)	(5)	–	(13)
At 31 March 2015	(5,280)	(789)	(3,249)	(227)	(9,545)
Unaudited					
At 1 April 2015	(5,280)	(789)	(3,249)	(227)	(9,545)
Charge for the Period	(727)	(241)	(755)	(277)	(2,000)
Disposals	–	–	73	–	73
Exchange realignment	205	19	118	7	349
At 30 September 2015	(5,802)	(1,011)	(3,813)	(497)	(11,123)
Net carrying amount:					
At 31 March 2015 (Audited)	10,469	1,631	4,923	904	17,927
At 30 September 2015 (Unaudited)	9,450	1,414	4,598	628	16,090

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

11. INVESTMENT PROPERTIES

	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	2,651	2,648
Exchange realignment	(93)	3
At 30 September 2015/31 March 2015	2,558	2,651
Accumulated depreciation:		
At 1 April 2015/1 April 2014	(1,421)	(1,092)
Charge for the Period/year	(162)	(328)
Exchange realignment	54	(1)
At 30 September 2015/31 March 2015	(1,529)	(1,421)
Net carrying amount:		
At 30 September 2015/31 March 2015	1,029	1,230

As at 30 September 2015, investment properties with a carrying amount of approximately HK\$1,029,000 (31 March 2015: approximately HK\$1,230,000) represent certain restricted properties situated in Mainland China which are not allowed to be traded in the open market until, in future, the PRC government resumes the land on which the investment properties are situated and the maximum compensation payable to the Group will be RMB2,100,000, equivalent to approximately HK\$2,558,000.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 30 September 2015 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for: Investment properties	-	-	2,558	2,558

The key input of the valuation is based on the expected recoverable amount from the PRC government.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

12. 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.

13. INVESTMENT IN AN ASSOCIATE

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Share of net assets	4,579	4,309
Goodwill on acquisition	63	65
	4,642	4,374

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

13. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Hangzhou Anbaishi Electronic commerce Limited ("Hangzhou Anbaishi")	Ordinary shares	PRC/ Mainland China	35%	Electronic commerce and sale of funeral products

Hangzhou Anbaishi, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the electronic commerce of funeral products.

The following table illustrates the summarised financial information of Hangzhou Anbaishi:

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Current assets	13,082	9,985
Non-current assets	–	2,816
Current liabilities	–	(490)
Net assets, excluding goodwill	13,082	12,311
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	35%	35%
Group's share of net assets of the associate, excluding goodwill	4,579	4,309
Goodwill on acquisition	63	65
Carrying amount of the investment	4,642	4,374
Revenues	–	–
Gain/(Loss) for the Period/year	1,245	(894)
Total comprehensive income/(loss) for the Period/year	1,245	(894)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

14. AVAILABLE-FOR-SALE INVESTMENTS

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Unlisted equity investments, at cost	2,436	2,525

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at 30 September 2015, the above unlisted equity investments with a carrying amount of approximately HK\$2,436,000 (31 March 2015: approximately HK\$2,525,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

15. 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	120,727	63,948
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	118,597	120,727
At 30 September 2015/31 March 2015		
Cost	140,963	142,344
Accumulated amortisation	(22,366)	(21,617)
Net carrying amount	118,597	120,727

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

15. CEMETERY ASSETS (CONTINUED)

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.

16. INVENTORIES

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

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.

17. TRADE RECEIVABLES

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Trade receivables	21,672	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

17. TRADE RECEIVABLES (CONTINUED)

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 HK\$'000	Audited As at 31 March 2015 HK\$'000
Over 365 days	21,672	22,458

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 HK\$'000	Audited As at 31 March 2015 HK\$'000
Neither past due nor impaired	–	–
Over 365 days past due	21,672	22,458
	21,672	22,458

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<i>Notes</i>	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Cash and cash equivalents			
Cash and bank balances		40,015	81,506
Pledged time deposits	<i>(a)</i>	19,371	20,073
		59,386	101,579

As at 30 September 2015, the total of cash and cash equivalents and pledged time deposits of the Group denominated in RMB amounted to approximately HK\$50,642,000 (31 March 2015: approximately HK\$90,189,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. All cash and bank balances held at each of the reporting dates were deposited in the reputable banks and financial institutions in Hong Kong and Mainland China.

Notes:

- (a) As at 30 September 2015, the Group's bank borrowings amounted to approximately HK\$18,165,000 (31 March 2015: HK\$18,824,000) and approximately HK\$41,423,000 (31 March 2015: HK\$78,905,000) were secured by the Group's bank deposits of approximately HK\$18,275,000 (31 March 2015: HK\$18,937,000) and the Group's deposits of approximately HK\$1,096,000 (31 March 2015: HK\$1,136,000) paid to a financial institute respectively.

20. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

21. OTHER PAYABLES AND ACCRUALS

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Accruals	1,892	4,230
Deposits received	1,636	1,792
Other payables	942	1,696
	4,470	7,718

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

22. 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

23. INTEREST-BEARING BANK BORROWINGS

Unaudited			
At 30 September 2015			
	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans – secured:			
Pledged (note (a))	7.02	November 2015	18,165
Guaranteed (note (b))	5.98	July 2016	6,091
Pledged and guaranteed (note (c))	5.98-6.72	October 2015-May 2016	41,423
			65,679
Non-current			
Bank loans – secured:			
Pledged and guaranteed (note (c))	5.75-6.5	November 2017-May 2020	27,656
			93,335
Audited			
At 31 March 2015			
	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans – secured:			
Pledged (note (a))	7.02	November 2015	18,824
Guaranteed (note (b))	6.42-7.56	May 2015-March 2016	18,937
Pledged and guaranteed (note (c))	6.72-7.2	May 2015-November 2015	78,905
			116,666
Non-current			
Bank loans – secured:			
Pledged and guaranteed (note (c))	6.9	November 2017	8,837
			125,503

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

23. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	65,679	116,666
In the second year	–	–
In the third to fifth years, inclusive	27,656	8,837
	93,335	125,503

Notes:

- (a) The balances are secured by the pledge of certain of the Group's bank deposits amounting to approximately HK\$18,275,000 (31 March 2015: HK\$18,937,000).
- (b) The balances are guaranteed by certain directors of the Company and their family members, a non-controlling shareholder of a subsidiary and an independent third party.
- (c) The balances are secured by the pledge of certain of the Group's deposits amounting to approximately HK\$1,096,000 (31 March 2015: HK\$1,136,000) and guaranteed by certain directors of the Company and their family members, and a financial institution.
- (d) All bank borrowings as at 30 September 2015 and 31 March 2015 are denominated in RMB.

24. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

24. CONVERTIBLE NOTES (CONTINUED)

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 (note 25(c)).

25. SHARE CAPITAL

	Unaudited Six months ended 30 September 2015		Audited Year ended 31 March 2015	
	Number of Shares (‘000)	Nominal Value HK\$’000	Number of Shares (‘000)	Nominal Value HK\$’000
Authorised:				
Shares of HK\$0.10 each At 30 September 2015/31 March 2015	10,000,000	1,000,000	10,000,000	1,000,000
Issued and fully paid:				
Shares of HK\$0.10 each At 1 April 2015/1 April 2014	5,291,623	529,162	4,440,623	444,062
Issue of shares (note (a))	-	-	320,000	32,000
Equity-settled share option arrangements (note (b))	45,900	4,590	81,000	8,100
Conversion of convertible notes (note (c))	30,000	3,000	450,000	45,000
At 30 September 2015/31 March 2015	5,367,523	536,752	5,291,623	529,162

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

25. SHARE CAPITAL (CONTINUED)

Notes:

- (a) On 30 September 2014, 320,000,000 shares with a value of HK\$0.17 each were issued and allotted to public shareholders at a net cash proceeds of HK\$54,339,000.
- (b) In March 2015, the subscription rights attaching to 81,000,000 share options were exercised at the subscription price of HK\$0.101 per share, resulting in the issue of 81,000,000 shares for a total cash consideration of HK\$8,181,000.

In April 2015, the subscription rights attaching to 45,900,000 share options were exercised at the subscription price of HK\$0.101 per share, resulting in the issue of 45,900,000 shares for a total cash consideration of HK\$4,636,000.

- (c) On 25 February 2015, part of the CN with an aggregate principal amount of HK\$30,000,000 (corresponding fair value of HK\$13,415,000) were converted at the conversion price of HK\$0.10 each into 300,000,000 ordinary shares of the Company at HK\$0.10 each. An amount of HK\$16,585,000, representing the difference between the principal amount of the shares and the corresponding fair value of the CN, was charged to share premium account.

On 25 March 2015, part of the CN with an aggregate principal amount of HK\$15,000,000 with a corresponding fair value of HK\$6,707,000 were converted at the conversion price of HK\$0.10 each into 150,000,000 ordinary shares of the Company at HK\$0.10 each. An amount of HK\$8,293,000, representing the difference between the principal amount of the shares and the corresponding fair value of the CN, was charged to share premium account.

On 6 July 2015, part of the CN with an aggregate principal amount of HK\$3,000,000 with a corresponding fair value of HK\$1,341,000 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. An amount of HK\$1,659,000, representing the difference between the principal amount of the shares and the corresponding fair value of the CN, was charged to share premium account.

All new shares issued during the Period and the year ended 31 March 2015 rank pari passu with other shares in issue in all respects.

26. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 23 to the condensed consolidated financial statements.

27. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the Period:

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Contracted but not provided for:		
Proposed acquisition of land use rights	6,092	10,137
Project construction	998	53
	7,090	10,190

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

28. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel of the Group

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

	Unaudited Six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
Fees	180	132
Other emoluments:		
Salaries, allowances and benefits in kind	1,730	1,195
Pension scheme contributions	40	72
Share options granted	8,600	–
	10,550	1,399

29. LITIGATION

No outstanding litigation as at 30 September 2015 was noted.

30. FINANCIAL GUARANTEE

At 30 September 2015, the Group had no financial guarantee.

31. 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.

32. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated to conform with the current Period's presentation, disclosures and accounting treatment.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board on 30 November 2015.

GLOSSARY

In this interim report, 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
Chairman	the chairman of the Board
Chief Executive Officer	the chief executive officer of the Company
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

GLOSSARY

PRC	the People's Republic of China, which for the purpose of this report exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
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)
Share Option Scheme	the share option scheme adopted by the Company on 18 July 2008
Stock Exchange	the Stock Exchange of Hong Kong Limited
Sino Grandeur	Sino Grandeur Limited, a limited liability company established under the laws of the British Virgin Islands
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