



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)

Interim Report

2017

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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*)

Non-executive Directors

Mr. Wang Hongjie
Mr. Cheng Gang

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

Positioning in the funeral industry, the Group continued its focus on the development of funeral business in mainland China. The Board believes that the cemetery and funeral businesses contain ample growth business opportunities. In addition to the construction of tombs for sale to customers, the Group also actively provided its customers with funeral services and supplies.

During the Period, the Group had strived to strengthen its operational capability for core projects based on an annual work outline under the leadership of the Board. Undaunted by the challenges, the Group always adhered to its mission. Positive progress had been made for various work, leading to further consolidation of its foundation on sustainable development. Zhejiang Anxian Yuan, a core company of the Group, had made remarkable contributions: First, performance contribution; second, brand contribution; third, coverage contribution; full supports for newly acquired project companies (including Yin Chuan Fu Shou Yuan and Zunyi Dashenshan acquired in the previous financial year), all of which solidified the stable and healthy development of the Group.

In the foreseeable future, the Group will shift its work focus from project acquisition to project upgrading by centralising its resources in an effort to enhance the quality of the acquired projects and strive for improvement of their economic and social efficiencies.

FINANCIAL REVIEW

For the Period, the Group recorded net profit of approximately HK\$11,438,000 (2015: approximately HK\$2,535,000) on revenue of approximately HK\$74,424,000 (2015: approximately HK\$51,866,000). During the Period, the Group sold 1,018 burial sites (2015: 551 burial sites). Improvement in the Group's net profit period-on-period was mainly attributable to higher revenue.

The net assets of the Group as at 30 September 2016 was approximately HK\$580,467,000 (31 March 2016: approximately HK\$590,287,000).

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the net cash outflow was approximately HK\$45,123,000 (2015: approximately HK\$39,145,000). As at 30 September 2016, the cash and cash equivalents of the Group were approximately HK\$61,743,000 (31 March 2016: approximately HK\$109,911,000). The Group had short-term and long-term bank borrowings of approximately HK\$69,906,000 (31 March 2016: approximately HK\$59,106,000) and approximately HK\$141,336,000 (31 March 2016: approximately HK\$156,971,000) respectively at the end of the Period.

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.49 (31 March 2016: 0.52).

CHARGES ON ASSETS

As at 30 September 2016, the Group's bank deposits of approximately HK\$30,000,000 (31 March 2016: approximately HK\$30,000,000) are pledged for the Group's bank borrowings amounting to approximately HK\$25,262,000 (31 March 2016: approximately HK\$26,103,000). In addition, the Group's deposits of approximately HK\$1,045,000 (31 March 2016: approximately HK\$1,080,000) were paid to a financial institution as pledged deposits for certain other bank loans. Details are set out in notes 21 and 25 to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

LITIGATION

No outstanding litigation as at 30 September 2016 was noted.

FINANCIAL GUARANTEE

No outstanding financial guarantee of the Group as at 30 September 2016 was noted.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2016, the Group had 14 employees (including Directors) (31 March 2016: 14 employees) and 264 employees (31 March 2016: 265 employees) in Hong Kong and the PRC respectively. 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 Group's 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\$18,376,000 (2015: approximately HK\$19,533,000), of which contribution to mandatory provident fund and share options granted accounted for approximately HK\$78,000 (2015: approximately HK\$70,000) and HK\$ nil (2015: HK\$8,600,000) 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 14 and 15.

The Directors do not recommend the payment of any dividend for the Period (2015: 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 2016, 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\$0.1 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	4.17%	
	Interest of controlled corporation	1,150,000,000	1,150,000,000	–	2,300,000,000	42.32%	1
Mr. Shi Jun	Beneficial Owner	122,000,000	–	43,000,000	165,000,000	3.04%	
Mr. Law Fei Shing	Beneficial Owner	20,000,000	–	37,000,000	57,000,000	1.05%	
Ms. Shen Mingzhen	Beneficial Owner	122,000,000	–	43,000,000	165,000,000	3.04%	
Mr. Cheng Gang	Beneficial Owner	–	–	43,000,000	43,000,000	0.79%	
Mr. Wang Hongjie	Beneficial Owner	–	–	43,000,000	43,000,000	0.79%	
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 Shares and 1,150,000,000 underlying shares held by Master Point Overseas Limited respectively.
- The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2016 which was 5,434,452,600.

OTHER INFORMATION

Save as disclosed above, as at 30 September 2016, 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.

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

As at 30 September 2016, 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 of HK\$0.1 each and underlying 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 5)</i>	Notes
Master Point Overseas Limited	Beneficial Owner	1,150,000,000	1,150,000,000	2,300,000,000	42.32%	1
Ample Fortunate Limited	Beneficial Owner	150,000,000	350,000,000	500,000,000	9.20%	2
Mr. Yu Xiaogou	Interest of controlled corporation	150,000,000	350,000,000	500,000,000	9.20%	2
	Beneficial Owner	100,000,000	–	100,000,000	1.84%	
CCB International Overseas Limited	Beneficial Owner	1,268,600,000	1,483,889,816	2,752,489,816	50.65%	3
CCB International (Holdings) Limited	Interest of controlled corporation	1,268,600,000	1,483,889,816	2,752,489,816	50.65%	3
CCB Financial Holdings Limited	Interest of controlled corporation	1,268,600,000	1,483,889,816	2,752,489,816	50.65%	3
CCB International Group Holdings Limited	Interest of controlled corporation	1,268,600,000	1,483,889,816	2,752,489,816	50.65%	3
China Construction Bank Corporation	Interest of controlled corporation	1,268,600,000	1,483,889,816	2,752,489,816	50.65%	3
Central Huijin Investment Limited	Interest of controlled corporation	1,268,600,000	1,483,889,816	2,752,489,816	50.65%	3
Taiping Trustees Limited	Trustee	320,000,000	–	320,000,000	5.89%	4

OTHER INFORMATION

Name of Shareholder	Nature of interest/ Capacity	Number of Shares held	Number of Underlying Shares held	Aggregate interest	Approximate percentage of shareholding (Note 5)	Notes
Taiping Assets Management (HK) Company Limited	Investment Manager	320,000,000	–	320,000,000	5.89%	4
China Taiping Insurance Holdings Company Limited	Interest of controlled corporation	320,000,000	–	320,000,000	5.89%	4
Ever Ability Investment Limited	Beneficiary of a trust	320,000,000	–	320,000,000	5.89%	4
Mr. Lu Guofu	Interest of controlled corporation	320,000,000	–	320,000,000	5.89%	4
	Beneficial Owner	80,000,000	–	80,000,000	1.47%	
Mr. Han Min	Beneficiary of a trust	320,000,000	–	320,000,000	5.89%	4
Mr. He Yongwei	Beneficiary of a trust	320,000,000	–	320,000,000	5.89%	4
Ms. Wang Guozhen	Beneficiary of a trust	320,000,000	–	320,000,000	5.89%	4
Mr. Zhang Shenghua	Beneficiary of a trust	320,000,000	–	320,000,000	5.89%	4
Mr. Sun Xingrong	Beneficiary of a trust	320,000,000	–	320,000,000	5.89%	4
Mr. Feng Shouzheng	Beneficiary of a trust	320,000,000	–	320,000,000	5.89%	4

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.
- Out of these 2,752,489,816 Shares and underlying Shares, CCB International Overseas Limited was deemed to be interested in (i) 333,889,816 underlying Shares through its interests in the convertible bonds in the principal amount of HK\$50,000,000 issued by the Company on 17 November 2015; (ii) 118,600,000 Shares were subject to a share charge executed by Mr. Shi Hua (as charger) in favour of CCB International Overseas Limited (as chargee); (iii) 1,150,000,000 Shares were subject to a share charge executed by Master Point Overseas Limited (as charger) in favour of CCB International Overseas Limited (as chargee); and (iv) 1,150,000,000 underlying Shares were subject to a charge over certain convertible notes in aggregate principal amount of HK\$115 million executed by Master Point Overseas Limited (as charger) in favour of CCB International Overseas Limited (as chargee).

CCB International Overseas Limited is wholly and beneficially owned by CCB International (Holdings) Limited, which in turn is wholly and beneficially owned by CCB Financial Holdings Limited and indirectly wholly and beneficially owned by CCB International Group Holdings Limited. CCB International Group Holdings Limited is wholly and beneficially owned by China Construction Bank Corporation which is owned as to 57.31% by Central Huijin Investment Limited. Therefore, each of CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Limited is deemed to be interested in the Shares held by CCB International Overseas Limited.

OTHER INFORMATION

4. 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.

5. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2016 which was 5,434,452,600.

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" and "SHARE OPTION SCHEME" in this report, 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) 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.

OTHER INFORMATION

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.

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 2016	Granted during the Period	Exercised during the Period	Balance at 30 September 2016	
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

OTHER INFORMATION

Name and category of participant	Date of grant	Exercisable period	Number of options			Exercise price per Share HK\$	
			Balance at 1 April 2016	Granted during the Period	Exercised during the Period		Balance at 30 September 2016
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
Non-executive Directors							
Mr. Wang Hongjie	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
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
			229,000,000	–	–	229,000,000	

OTHER INFORMATION

Name and category of participant	Date of grant	Exercisable period	Number of options			Balance at 30 September 2016	Exercise price per Share HK\$
			Balance at 1 April 2016	Granted during the Period	Exercised during the Period		
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	66,162,260	-	-	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
			201,162,260	-	-	201,162,260	
Total			436,862,260	-	-	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 2016 Annual Report is set out below pursuant to Rule 13.51B(1) of the Listing Rules.

With effect from 1 September 2016, Mr. Cheng Gang ("Mr. Cheng") has been redesignated from an Executive Director to a Non-Executive Director of the Company and resigned as deputy chief executive officer of the Company. Pursuant to the service contract entered by Mr. Cheng and the Company, Mr. Cheng is entitled to an annual remuneration of HK\$120,000 and he has been appointed for a term of one year commencing from 1 September 2016 which will continue thereafter until being terminated by either party giving not less than three-month prior notice.

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 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.

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.

OTHER INFORMATION

AUDIT COMMITTEE REVIEW

The Group's condensed consolidated financial statements and results announcement for the Period were reviewed by the Audit Committee on 28 November 2016.

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. No incident of non-compliance was noted by the Company during the Period.

By order of the Board

Anxian Yuan China Holdings Limited

Mr. Shi Hua

Chairman

Hong Kong, 28 November 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2016

		Unaudited	
		Six months ended	
		30 September	
	<i>Notes</i>	2016	2015
		HK\$'000	HK\$'000
REVENUE	4	74,424	51,866
Cost of sales		(19,302)	(12,132)
Gross profit		55,122	39,734
Other income and gains	4	5,479	76
Selling and distribution expenses		(7,320)	(4,412)
Administrative expenses		(30,782)	(31,258)
Finance costs	6	(8,461)	(538)
Share of (loss)/profits of associates		(5)	436
PROFIT BEFORE TAX	5	14,033	4,038
Income tax expense	8	(2,595)	(1,503)
PROFIT FOR THE PERIOD		11,438	2,535
Attributable to:			
Owners of the parent		11,486	2,255
Non-controlling interests		(48)	280
		11,438	2,535
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (<i>HK cents</i>)			
– For profit for the period	10	0.17	0.03
Diluted (<i>HK cents</i>)			
– For profit for the period	10	0.16	0.03

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2016

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
PROFIT FOR THE PERIOD	11,438	2,535
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(21,258)	(19,681)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(21,258)	(19,681)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(9,820)	(17,146)
Attributable to:		
Owners of the parent	(8,160)	(16,904)
Non-controlling interests	(1,660)	(242)
	(9,820)	(17,146)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2016

	Notes	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	105,394	109,445
Investment properties	12	679	857
Intangible assets	13	456,553	473,089
Goodwill	14	13,340	13,340
Investment in an associate	15	4,241	4,560
Available-for-sale investments	16	2,323	2,400
Prepayments	20	–	42,004
Cemetery assets	17	216,218	218,474
Total non-current assets		798,748	864,169
CURRENT ASSETS			
Inventories	18	169,558	168,947
Trade receivables	19	1,455	1,034
Prepayments, deposits and other receivables	20	84,645	45,668
Pledged deposits	21	31,045	31,080
Cash and cash equivalents	21	61,743	109,911
Total current assets		348,446	356,640
CURRENT LIABILITIES			
Trade payables	22	48,146	60,386
Other payables and accruals	23	66,022	67,469
Deferred income	24	2,986	3,017
Interest-bearing bank and other borrowings	25	69,906	59,106
Amount due to non-controlling shareholders	26	14,939	49,123
Derivative component of convertible bonds	27	4,600	9,700
Tax payable		14,638	19,885
Total current liabilities		221,237	268,686
NET CURRENT ASSETS		127,209	87,954
TOTAL ASSETS LESS CURRENT LIABILITIES		925,957	952,123
NON-CURRENT LIABILITIES			
Liability component of convertible bonds	27	36,196	34,000
Interest-bearing bank and other borrowings	25	141,336	156,971
Deferred income	24	13,192	13,819
Amount due to non-controlling shareholders	26	37,794	38,141
Deferred tax liabilities		116,972	118,905
Total non-current liabilities		345,490	361,836
Net assets		580,467	590,287
EQUITY			
Equity attributable to owners of the parent			
Share capital	29	543,445	543,445
Reserves		(10,225)	(2,065)
		533,220	541,380
Non-controlling interests		47,247	48,907
Total equity		580,467	590,287

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2016

	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	Other reserve* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2016	543,445	229,394	24,367	67,073	7,409	3,854	(11,458)	(822,704)	541,380	48,907	590,287
Profit/(loss) for the Period	-	-	-	-	-	-	-	11,486	11,486	(48)	11,438
Other comprehensive loss for the Period: Exchange differences on translation of foreign operations	-	-	-	-	-	(19,646)	-	-	(19,646)	(1,612)	(21,258)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(19,646)	-	11,486	(8,160)	(1,660)	(9,820)
Transfer from retained profits	-	-	-	-	938	-	(938)	-	-	-	-
At 30 September 2016	543,445	229,394	24,367	67,073	8,347	(15,792)	(11,458)	(812,156)	533,220	47,247	580,467

* These reserve accounts comprise the consolidated reserves as at 30 September 2016 and 30 September 2015 in the 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									
Notes	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	4,638	30,798	(329,698)	543,205	8,915	552,120
Profit for the period	-	-	-	-	-	-	2,255	2,255	280	2,535
Other comprehensive loss 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 of subsidiaries	-	-	-	-	-	-	-	-	3,660	3,660
Equity-settled share option arrangements	-	-	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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2016

	Unaudited	
	Six months ended	Six months ended
	30 September 2016	30 September 2015
	HK\$'000	HK\$'000
Net cash flows used in operating activities	(9,067)	(18,028)
Net cash flows used in investing activities	(41,040)	(654)
Net cash flows from/(used in) financing activities	4,984	(20,463)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(45,123)	(39,145)
Cash and cash equivalents at beginning of period	109,911	81,506
Effect of foreign exchange rate changes, net	(3,045)	(2,346)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	61,743	40,015
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	61,743	40,015

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

1. CORPORATE AND GROUP INFORMATION

Anxian Yuan China Holdings Limited is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's principal place of business in Hong Kong is 9th Floor, Cheuk Nang Plaza, 250 Hennessy Road, Wanchai, Hong Kong. During the Period, the Group principally engaged in the 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 2016.

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 2016. 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 HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Annual Improvements 2012-2014 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 the unaudited condensed consolidated financial statements and/or disclosures set out in these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	Unaudited Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Mainland China	74,424	51,866

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

(b) Non-current assets

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Hong Kong	923	415
Mainland China	795,502	861,354
	796,425	861,769

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

Information about major customers

No revenue from a single customer accounted for 10% or more of the Group's revenue during the six months ended 30 September 2016 and 30 September 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

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	
	2016	2015
	HK\$'000	HK\$'000
Revenue		
Sales of tombs and niches	63,849	48,727
Management fee income	1,370	1,252
Burial service	8,848	1,556
Sales of funeral supplies	357	331
	74,424	51,866
Other income and gains		
Gain on disposal of items of property, plant and equipment	12	13
Bank interest income	55	63
Fair value gain of derivative component of convertible bonds (<i>note 27</i>)	5,100	–
Others	312	–
	5,479	76

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

5. PROFIT BEFORE TAX

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

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Cost of inventories sold	13,116	9,388
Cost of services provided	1,988	153
Employee benefit expense (excluding directors' and chief executive's remuneration (note 7)):		
Wages and salaries	15,042	8,983
Amortisation of intangible assets (note 13)*	1,318	948
Amortisation of cemetery assets (note 17)*	2,880	1,643
Auditors' remuneration	600	611
Depreciation		
– Property, plant and equipment (note 11)	4,522	2,000
– Investment properties (note 12)	152	162
Foreign exchange differences, net	(236)	–
Minimum lease payments under operating leases	1,693	1,141

* 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.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Interest on interest-bearing bank borrowings (including convertible bonds)	16,303	3,257
Less: Interest capitalised	(7,842)	(2,719)
	8,461	538

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Period, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Fees	180	180
Other emoluments:		
Salaries, allowances and benefits in kind	3,110	1,730
Equity-settled share option expense	–	8,600
Pension scheme contributions	44	40
	3,154	10,370
	3,334	10,550

During the six months ended 30 September 2015, certain directors were granted share award, in respect of their services to the Group, under the share award scheme of the Company. The fair value of such award, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the six months ended 30 September 2015 is included in the above directors' remuneration disclosures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to Independent Non-executive Directors during the Period were as follows:

	Salaries, allowances and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Total remuneration HK\$'000
Six months ended 30 September 2016			
Independent non-executive directors:			
Mr. Chan Koon Yung	60	–	60
Mr. Li Xigang	60	–	60
Mr. Lai Chun Yu	60	–	60
	180	–	180
Six months ended 30 September 2015			
Independent non-executive directors:			
Mr. Chan Koon Yung	60	213	273
Mr. Li Xigang	60	213	273
Mr. Lai Chun Yu	60	213	273
	180	639	819

There were no other emoluments payable to the Independent Non-executive Directors during the Period (2015: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 30 September 2016				
Executive directors:				
Mr. Shi Hua	780	–	9	789
Mr. Shi Jun	660	–	9	669
Mr. Law Fei Shing	600	–	9	609
Ms. Shen Mingzhen	600	–	9	609
Mr. Cheng Gang (i)	400	–	8	408
	3,040	–	44	3,084
Non-executive directors:				
Mr. Wang Hongjie	60	–	–	60
Mr. Cheng Gang (i)	10	–	–	10
	3,110	–	44	3,154
Six months ended 30 September 2015				
Executive directors:				
Mr. Shi Hua	280	213	9	502
Mr. Shi Jun	210	1,831	7	2,048
Mr. Law Fei Shing	500	425	9	934
Ms. Shen Mingzhen	200	1,831	6	2,037
Mr. Cheng Gang (i)	480	1,831	9	2,320
	1,670	6,131	40	7,841
Non-executive directors:				
Mr. Wang Hongjie	60	1,830	–	1,890
	1,730	7,961	40	9,731

Notes:

- (i) Appointed as Non-executive Director on 3 July 2014, appointed as Executive Director on 25 March 2015 and appointed as Non-executive Director on 1 September 2016.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

8. INCOME TAX

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

Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in that jurisdiction.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.

Provision for Mainland China current income tax is based on the statutory rate of 25% (2015: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The major components of income tax expense are as follows:

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Current tax		
Income tax in the PRC for the period	4,933	5,614
Reversal of overprovision in prior years	(4,006)	(5,250)
Deferred tax	1,668	1,139
Total tax charge for the period	2,595	1,503

9. DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (2015: Nil).

10. 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 6,934,453,000 (2015: 6,867,269,000) 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 and fair value gain on derivative component of convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

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

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	11,486	2,255
Interest on convertible bonds (<i>note 27</i>)	5,184	–
Less: Fair value gain on the derivative component of convertible bonds (<i>note 27</i>)	(5,100)	–
Profit attributable to ordinary equity holders of the parent, before the effect of convertible bonds	11,570	2,255
Shares		
Unaudited Six months ended 30 September		
	2016	2015
	Number of shares (‘000)	Number of shares (‘000)
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,934,453	6,867,269
Effect of dilution – weighted average number of ordinary shares:		
Share options	13,282	58,118
Convertible bonds	333,889	–
	7,281,624	6,925,387

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

11. PROPERTY, PLANT AND EQUIPMENT

	Unaudited				Total HK\$'000
	Buildings HK\$'000	Furniture fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	
Cost:					
At 31 March 2016 and 1 April 2016	103,431	5,822	11,493	1,121	121,867
Additions	2,091	341	1,702	4	4,138
Disposals	-	-	(349)	-	(349)
Exchange realignment	(3,516)	(228)	(379)	(19)	(4,142)
At 30 September 2016	102,006	5,935	12,467	1,106	121,514
Accumulated depreciation:					
At 31 March 2016 and 1 April 2016	(5,846)	(1,269)	(4,548)	(759)	(12,422)
Charge for the Period	(2,780)	(740)	(812)	(190)	(4,522)
Disposals	-	-	151	-	151
Exchange realignment	401	92	169	11	673
At 30 September 2016	(8,225)	(1,917)	(5,040)	(938)	(16,120)
Net carrying amount:					
At 31 March 2016	97,585	4,553	6,945	362	109,445
At 30 September 2016	93,781	4,018	7,427	168	105,394

At 30 September 2016, certain of Group's buildings with a net carrying amount of approximately HK\$6,883,000 (31 March 2016: HK\$7,248,000) were pledged to secure general banking loans granted to the Group as set out in note 25.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

12. INVESTMENT PROPERTIES

	HK\$'000
Cost:	
Audited	
At 1 April 2015	2,651
Exchange realignment	(131)
At 31 March 2016	2,520
At 1 April 2016	2,520
Exchange realignment	(82)
At 30 September 2016	2,438
Accumulated depreciation:	
Audited	
At 1 April 2015	(1,421)
Charge for the year	(318)
Exchange realignment	76
At 31 March 2016	(1,663)
Unaudited	
At 1 April 2016	(1,663)
Charge for the Period	(152)
Exchange realignment	56
At 30 September 2016	(1,759)
Net carrying amount:	
At 31 March 2016 (Audited)	857
At 30 September 2016 (Unaudited)	679

As at 30 September 2016, investment properties with a carrying amount of HK\$679,000 (31 March 2016: HK\$857,000) 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 seizes the land on which the investment properties are situated and the estimated compensation payable to the Group will be RMB2,100,000, equivalent to approximately HK\$2,439,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

12. INVESTMENT PROPERTIES (CONTINUED)

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 2016 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	-	-	2,439	2,439

The key input of the valuation is based on the estimated compensation recoverable when the piece of land is seized by the PRC government in the future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

13. INTANGIBLE ASSETS

	HK\$'000
Cost:	
Audited	
At 1 April 2015	406,439
Acquisition of subsidiaries	101,686
Exchange realignment	(19,752)
At 31 March 2016	488,373
Unaudited	
At 1 April 2016	488,373
Exchange realignment	(15,723)
At 30 September 2016	472,650
Accumulated amortisation:	
Audited	
At 1 April 2015	(14,007)
Charge for the year	(2,007)
Exchange realignment	730
At 31 March 2016	(15,284)
Unaudited	
At 1 April 2016	(15,284)
Charge for the Period	(1,318)
Exchange realignment	505
At 30 September 2016	(16,097)
Net carrying amount:	
At 31 March 2016 (Audited)	473,089
At 30 September 2016 (Unaudited)	456,553

Intangible assets represent cemetery operating licences, which were acquired by business combination of Zhejiang Anxian Yuan in the year of 2010 and of Yin Chuan Fu Shou Yuan and Zunyi Dashenshan in the year ended 31 March 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

14. GOODWILL

	Unaudited Six months ended 30 September 2016 HK\$'000	Audited year ended 31 March 2016 HK\$'000
Cost:		
At 1 April 2016 and 1 April 2015	13,340	–
Arising on acquisition of a subsidiary	–	13,340
At 30 September 2016 and 31 March 2016	13,340	13,340

The carrying amounts of goodwill as at 31 March 2016 and 30 September 2016 are as follows:

	HK\$'000
Yin Chuan Fu Shou Yuan	13,340
	13,340

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

15. INVESTMENT IN AN ASSOCIATE

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Share of net assets	4,180	4,499
Goodwill on acquisition	61	61
	4,241	4,560

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%	E-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 e-commerce and sale of funeral products.

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

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Current assets and net assets, excluding goodwill	11,940	12,854
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	4,180	4,499
Goodwill on acquisition	61	61
Carrying amount of the investment	4,241	4,560

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

15. INVESTMENT IN AN ASSOCIATE (CONTINUED)

	Unaudited Period ended 30 September 2016 HK\$'000	Audited Year ended 31 March 2016 HK\$'000
Revenues	–	–
(Loss)/profit for the Period/year	(15)	1,205
Total comprehensive (loss)/income for the Period/year	(15)	1,205

16. AVAILABLE-FOR-SALE INVESTMENTS

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Unlisted equity investments, at cost	2,323	2,400

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 2016, the above unlisted equity investments with a carrying amount of HK\$2,323,000 (2015: HK\$2,400,000) 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 them in the near future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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17. CEMETERY ASSETS

	Land costs HK\$'000	Landscape facilities HK\$'000	Total HK\$'000
Cost			
Audited			
At 1 April 2015	–	142,344	142,344
Additions	–	17,488	17,488
Acquisition of subsidiaries	28,687	63,720	92,407
Transfer to inventories	(1,576)	(1,443)	(3,019)
Exchange realignment	153	(6,907)	(6,754)
At 31 March 2016	27,264	215,202	242,466
Unaudited			
At 1 April 2016	27,264	215,202	242,466
Additions	–	9,158	9,158
Transfer to inventories	(309)	(1,455)	(1,764)
Exchange realignment	(863)	(6,973)	(7,836)
At 30 September 2016	26,092	215,932	242,024
Accumulated amortisation:			
Audited			
At 1 April 2015	–	(21,617)	(21,617)
Provided for the year	(131)	(3,485)	(3,616)
Eliminated on transfer	–	121	121
Exchange realignment	3	1,117	1,120
At 31 March 2016	(128)	(23,864)	(23,992)
Unaudited			
At 1 April 2016	(128)	(23,864)	(23,992)
Provided for the Period	(255)	(2,625)	(2,880)
Eliminated on transfer	44	210	254
Exchange realignment	7	805	812
At 30 September 2016	(332)	(25,474)	(25,806)
Carrying value:			
At 31 March 2016 (Audited)	27,136	191,338	218,474
At 30 September 2016 (Unaudited)	25,760	190,458	216,218

Cemetery assets mainly represent land costs and the construction cost of public facilities in the cemetery. Upon commencement of development of an area within the cemetery, the proportionate cemetery assets are transferred to inventories.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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18. INVENTORIES

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Inventories		
– Tombs	169,558	168,947

As at 30 September 2016, inventories of approximately HK\$144,390,000 (31 March 2016: HK\$138,167,000) are expected to be recovered in more than one year.

19. TRADE RECEIVABLES

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Trade receivables	1,455	1,034

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

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19. 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 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
61 to 90 days	807	1,034
181 to 365 days	648	–
	1,455	1,034

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 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Neither past due nor impaired	1,455	1,034

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Prepayments	15,810	56,401
Deposits and other receivables	143,302	105,738
	159,112	162,139
Less: Provision for impairment loss	74,467	74,467
	84,645	87,672
	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Prepayments:		
Analysed into:		
Current	15,810	14,397
Non-current	–	42,004
	15,810	56,401

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<i>Note</i>	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Cash and cash equivalents			
Cash and bank balances:		61,743	109,911
Pledged time deposits	<i>(a)</i>	31,045	31,080
		92,788	140,991

As at 30 September 2016, the total of cash and cash equivalents and pledged time deposits of the Group denominated in RMB amounted to HK\$48,567,000 (31 March 2016: HK\$43,569,000). 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.

Note:

- (a) As at 30 September 2016, the Group's bank deposits of approximately HK\$30,000,000 (31 March 2016: HK\$30,000,000) are pledged for the Group's bank borrowings amounting to approximately HK\$25,262,000 (31 March 2016: HK\$26,103,000); the Group's deposits of approximately HK\$1,045,000 (31 March 2016: HK\$1,080,000) were paid to a financial institution as pledged deposits for certain bank loans.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22. TRADE PAYABLES

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Trade payables	48,146	60,386

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

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Within 90 days	10,865	16,622
91 to 180 days	4,231	2,176
181 to 365 days	31,930	38,025
Over 1 year	1,120	3,563
	48,146	60,386

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

23. OTHER PAYABLES AND ACCRUALS

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Accruals	9,482	8,241
Deposits received	29,422	31,348
Other payables	27,118	27,880
	66,022	67,469

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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24. DEFERRED INCOME

	HK\$'000	
Audited		
1 April 2015		15,361
Arising from acquisition		2,960
Additions during the year		1,683
Released to profit or loss		(2,482)
Exchange realignment		(686)
		<u>16,836</u>
At 31 March 2016		16,836
Unaudited		
As at 1 April 2016		16,836
Additions during the Period		1,243
Released to profit or loss		(1,370)
Exchange realignment		(531)
		<u>16,178</u>
At 30 September 2016		16,178
	Unaudited	Audited
	As at	As at
	30 September	31 March
	2016	2016
	HK\$'000	HK\$'000
Analysed into:		
Current	2,986	3,017
Non-current	13,192	13,819
	<u>16,178</u>	<u>16,836</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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25. INTEREST-BEARING BANK AND OTHER BORROWINGS

Unaudited
As at 30 September 2016

	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans			
– secured (<i>note (a)</i>)	5.5	December 2016	25,262
– guaranteed (<i>note (b)</i>)	5.85-6.18	October 2016 - July 2017	31,941
– secured (<i>note (c)</i>)	5.95	May 2017	11,499
Other borrowings			
– unsecured	12	June 2017	1,204
			69,906
Non-current			
Bank loans			
– secured (<i>note (c)</i>)	5.95-6.18	November 2017-November 2019	51,686
Bonds payable:			
– secured (<i>note (d)</i>)	7.61 (Semi-annually)	November 2017	89,650
			141,336
			211,242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Audited
As at 31 March 2016

	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans			
– secured (<i>note (a)</i>)	5.5	December 2016	26,103
– guaranteed (<i>note (b)</i>)	5.85-6.18	May 2016-July 2016	33,003
			59,106
Non-current			
Bank loans			
– secured (<i>note (c)</i>)	5.95-6.18	May 2017-November 2019	65,407
Other borrowings			
– unsecured	12	June 2017	1,981
Bonds payable:			
– secured (<i>note (d)</i>)	7.61 (Semi-annually)	November 2017	89,583
			156,971
			216,077

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	68,702	59,106
In the second year	14,635	26,163
In the third to fifth years, inclusive	37,051	39,244
	120,388	124,513
Other borrowings repayable:		
Within one year or on demand	1,204	–
In the second year	89,650	91,564
	90,854	91,564
	211,242	216,077

Notes:

- (a) The balances are secured by the pledge of certain of the Group's bank deposits amounting to HK\$30,000,000 (note 21) (31 March 2016: HK\$30,000,000).
- (b) The balances are guaranteed by certain directors of the Company and their family members, and a non-controlling shareholder of a subsidiary.
- (c) The balances are secured by the pledge of certain of the Group's deposits with a financial institution amounting to HK\$1,045,000 (note 21) (31 March 2016: HK\$1,080,000 and guaranteed by certain directors of the Company and their family members, a non-controlling shareholder of a subsidiary and a financial institution, and the pledge of certain of the Group's buildings.
- (d) On 17 November 2015, the Company issued bonds with a principle amount of HK\$90,000,000 at an interest rate of 10% per annum, payable semi-annually in arrears on 17 May and 17 November in each year. The bonds will mature on 16 November 2017 unless the Company delivers written notice to the bondholders no earlier than 60 days and at least fifteen business days prior to the initial maturity date to extend for a further 12-month period.

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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26. AMOUNT DUE TO NON-CONTROLLING SHAREHOLDERS

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Current	14,939	49,123
Non-current	37,794	38,141
	52,733	87,264

As at 30 September 2016, the current portion of amount due to non-controlling shareholders of approximately HK\$14,939,000 (31 March 2016: approximately HK\$10,719,000) is non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 March 2016, of the total current portion of amount due to non-controlling shareholders of approximately HK\$49,123,000, approximately HK\$10,719,000 is non-trade in nature, unsecured, interest-free and repayable on demand, the remaining balance of approximately HK\$38,404,000 is arising from cash consideration unpaid to non-controlling shareholders.

As at 30 September 2016, the non-current portion of amount due to non-controlling shareholders in the amount of approximately HK\$37,794,000 is non-trade in nature, unsecured, interest-free and repayable in November 2017. Such amount is recorded at amortised cost based on the market interest rate.

27. CONVERTIBLE BONDS

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

Pursuant to the bond subscription agreement, the CB is:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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27. CONVERTIBLE BONDS (CONTINUED)

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

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

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

The convertible bonds recognised on initial recognition are as follows:

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

The movements in the host debt component for the Period are as follows:

	Unaudited six months ended 30 September 2016 HK\$'000	Audited Year ended 31 March 2016 HK\$'000
At 1 April 2016/1 April 2015	34,000	–
Newly issued host debts	–	32,531
Interest expense	5,184	3,694
Interest payable	(2,988)	(2,225)
At 30 September 2016/31 March 2016	<u>36,196</u>	<u>34,000</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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27. CONVERTIBLE BONDS (CONTINUED)

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

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

	Unaudited six months ended 30 September 2016 HK\$'000	Audited Year ended 31 March 2016 HK\$'000
At 1 April 2016/1 April 2015	9,700	–
Newly issued	–	17,300
Fair value changes recognised in the statement of profit or loss (<i>note 4</i>)	(5,100)	(7,600)
At 30 September 2016/31 March 2016	4,600	9,700

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

28. 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 Trading Limited (“Jia Yuan”), which through Hirise Corporation Limited, 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

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28. 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 (Asia-Pacific) Surveyors Limited. The CN were priced as prepaid forward, an arrangement in which one can pay for the stock today and receive the stock at an agreed-upon date. Generally, the price of a prepaid forward is equal to the spot asset price. In valuing the CN, adjustment has been made for the dilution effect of the issue of the CN.

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

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

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

On 6 July 2015, part of the CN with an aggregate amount of HK\$3,000,000 were converted at the conversion price of HK\$0.10 each into 30,000,000 ordinary shares of the Company at HK\$0.10 each (note 29(c)).

29. SHARE CAPITAL

Shares

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Issued and fully paid:		
5,434,453,000 (31 March 2016: 5,434,453,000) ordinary shares	543,445	543,445

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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29. SHARE CAPITAL (CONTINUED)

Shares (Continued)

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

	Number of shares ('000)	Nominal value HK\$'000
Issued and fully paid:		
Audited		
At 31 March 2015	5,291,623	529,162
Issue of shares (<i>Note (a)</i>)	66,930	6,693
Equity-settled share option arrangements (<i>Note (b)</i>)	45,900	4,590
Conversion of convertible notes (<i>Note (c)</i>)	30,000	3,000
	<hr/>	<hr/>
At 31 March 2016	5,434,453	543,445
	<hr/>	<hr/>
Unaudited		
At 1 April 2016 and 30 September 2016	5,434,453	543,445

Notes:

- (a) On 19 February 2016, the Company issued 66,930,000 shares with a value of HK\$0.161 each as part of the consideration for the Group's acquisition of the 70% equity interest in Yin Chuan Fu Shou Yuan.

All new shares issued during the year ended 31 March 2016 rank pari passu with other shares in issue in all respects.

- (b) On 14 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 6 July 2015, part of the CN with an aggregate principal amount of HK\$3,000,000 with a corresponding fair value of HK\$1,341,455 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\$1,658,545, representing the difference between the principal amount of the shares and the corresponding fair value of the CN, was charged to share premium account.

30. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 25 to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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31. COMMITMENTS

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

	Unaudited As at 30 September 2016 HK\$'000	Audited As at 31 March 2016 HK\$'000
Contracted, but not provided for:		
Proposed acquisition of land use rights	9,292	9,601
Project construction	1,340	–
	10,632	9,601

32. RELATED PARTY TRANSACTIONS

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

(a) Other transactions with related parties

The Company has guaranteed the bonds payable and convertible bonds with all assets and undertakings of Mr. Shi Hua and the controlling shareholder, including shares of the Company. Details are set out in note 25 and note 27 to the condensed consolidated financial statements.

(b) Outstanding balances with related parties

The Group had outstanding balance due to the non-controlling shareholders (note 26) as at the end of the Period.

(c) Compensation of key management personnel of the Group

The Directors are of the opinion that the key management are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and are defined as the executive directors, non-executive directors and the chief executive officer of the Company. Details of the key management remuneration are set out in note 7 to the condensed consolidated financial statements.

33. EVENTS AFTER THE REPORTING DATE

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

34. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 28 November 2016.

GLOSSARY

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

Board	the board of Directors
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 14 of the Listing Rules
Company/Anxian Yuan	Anxian Yuan China Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Company Secretary	The company secretary of the Company
Director(s)	the director(s) of the Company
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
HKAS	the Hong Kong Accounting Standards issued by the HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by the HKICPA
HKICPA	the Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Non-executive Director(s)	the independent non-executive Director(s)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Non-executive Director(s)	the non-executive Director(s)
Period	the six months ended 30 September 2016

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)
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
Yin Chuan Fu Shou Yuan	銀川福壽園人文紀念園有限公司 (in English, for identification purpose, Yin Chuan Fu Shou Yuan Humanistic Cultural Memorial Park Co. Ltd.), a limited liability company established under the laws of the PRC
Zhejiang Anxian Yuan	浙江安賢陵園有限責任公司 (in English, for identification purpose, Zhejiang Anxian Yuan Company Limited), a limited liability company established under the laws of the PRC
Zunyi Dashenshan	遵義詩鄉大神山生態陵園有限公司 (in English, for identification purpose, Zunyi Shixiang Dashenshan Cemeteries Co. Ltd.), a limited liability company established under the laws of the PRC
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of PRC
US\$	United States dollars, the lawful currency of USA
%	per cent