



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 **2019**

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*)

Non-executive Director

Mr. Wang Hongjie

Independent Non-executive Directors

Mr. Chan Koon Yung

Mr. Lum Pak Sum

COMPANY SECRETARY

Mr. Law Fei Shing

AUDIT COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

REMUNERATION COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

NOMINATION COMMITTEE

Mr. Shi Hua (*Committee Chairman*)

Mr. Chan Koon Yung

Mr. Lum Pak Sum

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 BANKER

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

Room 1215, Leighton Centre

77 Leighton Road

Causeway Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay 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: 10,000 shares

WEBSITE

www.anxianyuanchina.com

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Birth, aging, sickness and death are unavoidable in life for all of us. The culture of funeral and burial, as part of traditional culture, is also deep-rooted in the Chinese nation. With the Chinese economic growth year by year and continuous progress of urbanisation, the consumption level of township residents is remarkably enhanced. As crucial events for the people's livelihood, funerals and burials receive more and more attention, and bring demand for various humanised funeral services from the public in recent years. In addition, the PRC's funeral and burial service industry grows steadily with a huge market potential by capitalising on the aging trend in the population and the fundamental driving force of reformulating funeral and burial.

BUSINESS REVIEW

During the period under review, the Group continues to cultivate its core business and press ahead the comprehensive development of "funeral" and "burial" business. With solid growing results, the Group successfully completed its semi-annual marketing plan. Zhejiang Anxian Yuan, the flagship project of the Group, has been impressing people with quality, professional services and brand name integrating culture with emotions. Numerous celebrities and masters were buried in Zhejiang Anxian Yuan. This year, Mr. Zhang Junsheng (張俊生), the original secretary of the party committee of Zhejiang University; Mr. Ji Chunhua (計春華), a famous Chinese martial arts actor and Mr. Kong Zhongqi (孔仲起), a contemporary distinguished master of landscape painting, were successively in Anxian Yuan as their last resting place. Meanwhile, Yin Chuan Fu Shou Yuan and Zunyi Dashenshan Cemeteries developed proactively. Leveraging on such successful experience, it is planned to develop the Group's business in other districts. As to the management, the Group unremittingly strengthens its internal operating management, standard construction, innovative products, service enhancement and intensified marketing initiatives of the brand. The internal management successfully passed the "Three in One" (ISO quality, environment, and occupational health and safety) international standard certification, while the development model of internal management internationalisation and standardisation was thoroughly applied to the management development of other cemeteries of the Group. The Group upholds services with affection and civilised funerals and burials as the core of development, and as always, undertakes social responsibility by actively participating in social welfare activities covering various realms, from cultural education, charity and poverty alleviation to environmental protection. It is worth mentioning that the new construction of a contributor memorial theme cemetery named, "Missile, Nuclear Bomb and Satellite" in Zhejiang Anxian Yuan was completed at the end of September 2018. It is another representative theme memorial cemetery following war hero memorial cemetery and New Concept Ecological Art Park in Zhejiang province, manifesting a beneficial attempt to reflect the social value of the funeral industry in Zhejiang province. Upon the completion, the cemetery becomes the red foundation for Hangzhou patriotism education base, greatly enriching the construction of life memorial home in Zhejiang Anxian Yuan. Furthermore, in May 2018, Zhejiang Anxian Yuan was awarded the position of president unit of Hangzhou Funeral and Interment Trade Association where Mr. Shi Jun, the Chief Executive Officer, was elected as the president thereof. In September 2018, Zhejiang Anxian Yuan was awarded the position of president unit of Zhejiang Funeral Association where, Mr. Shi Hua, the chairman, was elected as the president thereof.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the Period, the Group recorded net profit of approximately HK\$9,284,000 (six months ended 30 September 2017: approximately HK\$6,083,000) and revenue of approximately HK\$97,904,000 (six months ended 30 September 2017: approximately HK\$95,181,000). During the Period, the Group sold 1,031 tombs (six months ended 30 September 2017: 1,179 tombs). The Group's net profit increased period-on-period by approximately HK\$3,201,000 was mainly attributable to the write-back of deferred tax provision of approximately HK\$2,993,000 and decrease in finance costs by approximately HK\$5,102,000, which are set off with decrease in gross profit by approximately HK\$3,832,000 due to the increase cost of tombs and increase in administrative expenses by approximately HK\$2,034,000 due to the more repairs and maintenance expenses incurred in the Period as compared to the corresponding period last year.

The net assets of the Group as at 30 September 2018 was approximately HK\$632,929,000 (31 March 2018: approximately HK\$689,428,000). The Group's net assets decreased period-on-period by approximately HK\$56,499,000 was mainly attributable to the exchange loss on translation of foreign operations of approximately HK\$65,599,000 due to the depreciation in RMB as at 30 September 2018.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the net cash outflow was approximately HK\$5,248,000 (six months ended 30 September 2017: approximately HK\$81,302,000). As at 30 September 2018, the cash and cash equivalents of the Group were approximately HK\$38,796,000 (31 March 2018: approximately HK\$47,836,000). The Group had short-term bank and other borrowings and long-term bank and other borrowings of approximately HK\$78,468,000 (31 March 2018: approximately HK\$36,525,000) and approximately HK\$160,645,000 (31 March 2018: approximately HK\$226,424,000) respectively as at 30 September 2018.

In May 2017, other borrowings of HK\$100,000,000 was provided by Excel Precise International Limited ("Excel Precise") for the repayment of convertible bonds and other borrowings. Excel Precise is a holder of a money lenders licence under the Money Lenders Ordinance and is owned as to 25% by Mr. Law Fei Shing ("Mr. Law"), an Executive Director, and owned as to 73.5% by True Promise Investments Limited ("True Promise"), a company wholly-owned by Mr. Law. Mr. Law is the director of both Excel Precise and True Promise. As at 31 March 2018, the outstanding amount of this loan was HK\$50,000,000. During the Period, the Group repaid an amount of HK\$16,000,000 to Excel Precise. The outstanding amount of this loan as at 30 September 2018 was HK\$34,000,000 accordingly. The repayment was funded by the internal resources of the Group.

GEARING RATIO

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.42 (31 March 2018: 0.42).

CHARGES ON ASSETS

No charges on bank and other deposits were noted at the end of the Period (31 March 2018: Nil).

LITIGATION

No outstanding litigation as at 30 September 2018 was noted.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL GUARANTEE

No outstanding financial guarantee of the Group as at 30 September 2018 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 2018, the Group had 12 employees (including Directors) (31 March 2018: 12 employees) and 253 employees (31 March 2018: 301 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\$18,965,000 (2017: approximately HK\$21,070,000), of which contribution to mandatory provident fund accounted for approximately HK\$58,000 (2017: approximately HK\$67,000).

SUBSCRIPTION OF NEW SHARES

No subscription of new shares was noted during the Period.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

The capital reorganisation of the Company has become effective on 29 August 2018 which involves the share consolidation, the capital reduction and the share sub-division, details of which are as follows:

Share consolidation

Every 10 issued and unissued shares of nominal value of HK\$0.10 each consolidated into 1 consolidated share of nominal value of HK\$1.00 each.

Capital reduction

Immediately following the share consolidation, cancellation of the fraction in the issued share capital of the Company arising as a result of the share consolidation and the reduction of the nominal value of each of the issued consolidated shares from HK\$1.00 to HK\$0.10 by cancelling the paid-up to the extent of HK\$0.90 on each of the issued consolidated shares.

Share sub-division

Immediately following the capital reduction, each of the shares of nominal value of HK\$1.00 sub-divided into 10 shares of nominal value of HK\$0.10 each.

Furthermore, the change of board lot size for trading on the Stock Exchange from 20,000 shares to 10,000 shares following the completion of the capital reorganization became effective on 29 August 2018. Details of the capital reorganization and change in board lot size were set out in the Company's circular dated 27 July 2018.

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 (2017: 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 2018, 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:

Name of Director	Nature of interest/Capacity	Number of Shares held	Approximate percentage of shareholding <i>(Note 2)</i>	<i>Notes</i>
Mr. Shi Hua	Beneficial Owner	22,178,000	2.99%	
	Interest of controlled corporation	180,000,000	24.31%	1
Mr. Shi Jun	Beneficial Owner	12,200,000	1.65%	
Mr. Law Fei Shing	Beneficial Owner	2,800,000	0.38%	

Notes:

- 180,000,000 Shares were registered in the name of Master Point Overseas Limited. 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. Under the SFO, Mr. Shi Hua was deemed to be interested in 180,000,000 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 2018 which was 740,545,260.

Save as disclosed above, as at 30 September 2018, 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 2018, 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:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held	Approximate percentage of shareholding (Note 2)	Notes
Master Point Overseas Limited	Beneficial Owner	180,000,000	24.31%	1
Yan Zulin	Beneficial Owner	44,644,000	6.03%	
Huang Weichun	Beneficial Owner	40,000,000	5.40%	

Notes:

1. The interest of Master Point Overseas Limited is also disclosed as the interest 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".
2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2018 which was 740,545,260.

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.

OTHER INFORMATION

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

During the Period, the Company operates share option schemes on 18 July 2008 (the “2008 Share Option Scheme”) and 28 August 2018 (the “2018 Share Option Scheme”). The 2008 Share Option Scheme was expired and terminated on 17 July 2018.

Movements relating to the share options granted under the 2008 Share Option Scheme 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 2018	Granted during the Period	Lapsed during the Period	Balance at 30 September 2018	
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	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 (resigned on 15 March 2018)	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 2018	Granted during the Period	Lapsed during the Period		Balance at 30 September 2018
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 (retired on 28 August 2018)	5 August 2015	6 August 2015 to 17 July 2018	5,000,000	-	(5,000,000)	-	0.138
			173,000,000	-	(173,000,000)	-	
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
			3,700,000	-	(3,700,000)	-	
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			377,862,260	-	(377,862,260)	-	

OTHER INFORMATION

The 2018 Share Option Scheme was adopted on 28 August 2018 (the “Adoption Date”) for the purpose of providing incentives or rewards to eligible persons who contribute to the success of the Group’s operations. Eligible persons of the 2018 Share Option Scheme include any full-time or part-time employee of the Company or any members of the Group, including any Executive, Non-executive Director and Independent Non-executive Director, adviser, consultant of the Company or any the subsidiaries.

The total number of shares which may be issued upon the exercise of all options to be granted under the 2018 Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the shares in issue as at the Adoption Date as altered by the capital reorganisation undertaken by the Company which became effective on 29 August 2018 (the “Scheme Mandate Limit”). The total number of shares issued and to be issued upon exercise of the options granted to a participant under the 2018 Share Option Scheme and other schemes (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time. Where any further grant of options to a participant (the “Further Grant”) would result in the shares issued and to be issued upon exercise of all options granted and to be granted under the 2018 Share Option Scheme and other schemes to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the shares in issue from time to time, the Further Grant must be separately approved by the shareholders in general meeting with such participant and his close associates (as defined in the Listing Rules) (or his associates (as defined in the Listing Rules) if the participant is a connected person) abstaining from voting.

Notwithstanding the foregoing, the Company may not grant any option if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2018 Share Option Scheme and other schemes exceeds 30% of the shares in issue from time to time.

The Board may, at its discretion, invite any eligible persons to take up options at a price calculated as mentioned below. Upon acceptance of the option, the eligible person shall pay HK\$1.00 to the Company by way of consideration for the grant. The option will be offered for acceptance for a period of 28 days from the date on which the option is granted.

The 2018 Share Option Scheme will be valid and effective for a period of ten years commencing on the date of approval of the 2018 Share Option Scheme (i.e. 28 August 2018), after which period no further options may be granted but the provisions of the 2018 Share Option Scheme shall remain in full force and effect in all other respects and options granted during the life of the 2018 Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

The exercise price for the shares subject to options will be a price determined by the Board and notified to each participant and must be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the options, which must be a trading day; and (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant of the options.

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.

During the Period, no share option has been granted under the 2018 Share Option Scheme. No share option was outstanding as at 30 September 2018.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPETING BUSINESS

As at 30 September 2018, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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 2018 Annual Report is set out below pursuant to Rule 13.51B(1) of the Listing Rules.

- (i) Mr. Lai Chun Yu retired as an independent non-executive Director and ceased to be a member of each of the audit committee, remuneration committee and the nomination committee of the Company with effect from the conclusion of the annual general meeting of the Company on 28 August 2018; and
- (ii) Mr. Lum Pak Sum resigned as an independent non-executive director of Beautiful China Holdings Company Limited (stock code: 706) with effect from 22 August 2018.

NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF THE LISTING RULES

Following the retirement of Mr. Lai Chun Yu as the Independent Non-executive Director with effect from the conclusion of the annual general meeting of the Company on 28 August 2018, the Company has only two independent non-executive Directors, hence failing to meet the requirement of having at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules. Further, the Company no longer fulfils the requirement on the minimum number of non-executive directors for the formation of the audit committee of the Board as stipulated in Rule 3.21 of the Listing Rules. As stated in the Company's announcement dated 28 August 2018, a suitable candidate is appointed as soon as practicable and, in any event, within the three-month period from 28 August 2018 pursuant to Rules 3.11 and 3.23 of the Listing Rules.

The Board is pleased to announce that Mr. Yao Hong has been appointed as an Independent Non-executive Director and a member of each of audit committee, remuneration committee and nomination committee of the Company with effect from 26 November 2018. For further details, please refer to the Company's announcement on 22 November 2018.

Upon the appointment of Mr. Yao Hong becoming effective on 26 November 2018, the Company shall fulfill the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

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.

AUDIT COMMITTEE REVIEW

The Company has an Audit Committee which was established with written terms of reference, in accordance with Appendix 14 to the Listing Rules, for the purposes of, among others, reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management system. The Audit Committee currently comprises two Independent Non-executive Directors, namely Mr. Chan Koon Yung and Mr. Lum Pak Sum. Mr. Chan Koon Yung is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and policies adopted by the Group and has discussed and reviewed the internal controls and financial reporting matters of the Group, including the review of the unaudited consolidated interim results of the Group and interim report of the Company for the six months ended 30 September 2018, with the management 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. 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, 22 November 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2018

	Notes	Unaudited Six months ended 30 September	
		2018 HK\$'000	2017 HK\$'000
REVENUE	5	97,904	95,181
Cost of sales		(29,017)	(22,462)
Gross profit		68,887	72,719
Other income and gains	5	522	1,294
Selling and distribution expenses		(9,049)	(9,248)
Administrative expenses		(41,362)	(39,328)
Finance costs	7	(4,669)	(9,771)
Share of profits and losses of an associate		63	–
PROFIT BEFORE TAX	6	14,392	15,666
Income tax expense	9	(5,108)	(9,583)
PROFIT FOR THE PERIOD		9,284	6,083
Attributable to:			
Owners of the parent		9,180	5,752
Non-controlling interests		104	331
		9,284	6,083
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			(restated)
Basic (<i>HK cents</i>)			
– For profit for the period	11	1.24	0.83
Diluted (<i>HK cents</i>)			
– For profit for the period	11	1.24	0.83

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2018

	Unaudited	
	Six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	9,284	6,083
OTHER COMPREHENSIVE (LOSS) INCOME		
Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(65,599)	29,305
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD, NET OF TAX	(65,599)	29,305
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(56,315)	35,388
Attributable to:		
Owners of the parent	(51,815)	32,987
Non-controlling interests	(4,500)	2,401
	(56,315)	35,388

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2018

	<i>Notes</i>	Unaudited 30 September 2018 HK\$'000	Audited 31 March 2018 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	114,791	125,172
Investment properties		74	243
Intangible assets	13	441,274	485,877
Goodwill		12,701	13,948
Investment in an associate		4,398	4,764
Equity investments		2,273	–
Available-for-sale investments		–	2,496
Cemetery assets	14	230,288	261,268
Total non-current assets		805,799	893,768
CURRENT ASSETS			
Inventories	15	241,202	235,351
Trade receivables	16	238	1,559
Prepayments, deposits and other receivables	17	8,316	13,590
Cash and cash equivalents		38,796	47,836
Total current assets		288,552	298,336
CURRENT LIABILITIES			
Trade payables	18	37,383	29,817
Other payables and accruals	19	34,746	41,958
Contract liabilities	20	3,256	–
Deferred income	20	–	3,491
Interest-bearing bank and other borrowings	21	78,468	36,525
Amount due to non-controlling shareholders		28	924
Tax payable		15,628	17,693
Total current liabilities		169,509	130,408
NET CURRENT ASSETS		119,043	167,928
TOTAL ASSETS LESS CURRENT LIABILITIES		924,842	1,061,696

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2018

	<i>Notes</i>	Unaudited 30 September 2018 HK\$'000	Audited 31 March 2018 HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	21	160,645	226,424
Contract liabilities	20	13,361	–
Deferred income	20	–	14,738
Deferred tax liabilities		117,907	131,106
Total non-current liabilities		291,913	372,268
Net assets		632,929	689,428
EQUITY			
Equity attributable to owners of the parent			
Share capital	22	74,055	740,545
Reserves		512,711	(101,964)
Non-controlling interests		586,766	638,581
		46,163	50,847
Total equity		632,929	689,428

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2018

	Unaudited										
	Attributable to owners of the parent										
	Share capital HK\$'000	Share premium account* HK\$'000	Share-based compensation reserve* HK\$'000	Contributed surplus reserve* HK\$'000	Statutory reserve fund* HK\$'000	Exchange fluctuation reserve* HK\$'000	Other reserve* HK\$'000	(Accumulated losses)/ Retained profits* HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2018	740,545	145,849	21,968	-	13,004	31,957	(11,458)	(303,284)	638,581	50,847	689,428
Profit for the Period	-	-	-	-	-	-	-	9,180	9,180	104	9,284
Other comprehensive loss for the Period:	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(60,995)	-	-	(60,995)	(4,604)	(65,599)
Total comprehensive income (loss) for the Period	-	-	-	-	-	(60,995)	-	9,180	(51,815)	(4,500)	(56,315)
Shares consolidation (note 22(i))	(666,490)	-	-	189,490	-	-	-	477,000	-	-	-
Dividend paid to non-controlling shareholder by a subsidiary	-	-	-	-	-	-	-	-	-	(184)	(184)
Lapse of share options	-	-	(21,968)	-	-	-	-	21,968	-	-	-
Transfer from retained profits	-	-	-	-	3,016	-	-	(3,016)	-	-	-
At 30 September 2018	74,055	145,849	-	189,490	16,020	(29,038)	(11,458)	201,848	586,766	46,163	632,929

* These reserve accounts comprise the consolidated reserves as at 30 September 2018 in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2018

Unaudited

	Attributable to owners of the parent										Non-controlling interests HK\$'000	Total equity HK\$'000
	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	Total HK\$'000		
At 1 April 2017	543,445	229,394	24,367	67,073	9,934	(34,902)	(11,458)	(318,989)	508,864	45,411	554,275	
Profit for the Period	-	-	-	-	-	-	-	5,752	5,752	331	6,083	
Other comprehensive income for the Period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	27,235	-	-	27,235	2,070	29,305	
Total comprehensive income for the Period	-	-	-	-	-	27,235	-	5,752	32,987	2,401	35,388	
Transfer from retained profits	-	-	-	-	1,085	-	-	(1,085)	-	-	-	
At 30 September 2017	543,445	229,394	24,367	67,073	11,019	(7,667)	(11,458)	(314,322)	541,851	47,812	589,663	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2018

	Unaudited	
	Six months ended 30 September 2018 HK\$'000	Six months ended 30 September 2017 HK\$'000
Net cash flows generated from operating activities	5,477	695
Net cash flows used in investing activities	(5,822)	(12,574)
Net cash flows used in financing activities	(4,903)	(69,423)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,248)	(81,302)
Cash and cash equivalents at beginning of period	47,836	110,140
Effect of foreign exchange rate changes, net	(3,792)	2,168
CASH AND CASH EQUIVALENTS AT END OF PERIOD	38,796	31,006
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	38,796	31,006

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

1. CORPORATE AND GROUP INFORMATION

Anxian Yuan China Holdings Limited is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's principal place of business in Hong Kong is Room 1215, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong. During the Period, the Group principally engaged in the cemetery business in the PRC.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of the Listing Rules.

These financial statements have been prepared under the historical cost convention. They are presented in HK\$, which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2018.

2.2 NEW AND REVISED HKFRSs ADOPTED BY THE GROUP

Except as described below, the accounting policies used in the unaudited condensed consolidated financial statements for the Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018. 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 unaudited condensed consolidated financial statements.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

HKFRS 15 – Revenue from Contracts with Customers (Continued)

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or services in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (a) when the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) when the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) when the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained profits as of 1 April 2018 and that comparatives will not be restated.

The Group recognises revenue from the following major sources:

- (a) Sales of tombs and niches
- (b) Burial services
- (c) Management fee income
- (d) Sales of funeral supplies

The Group assessed the impacts of adopting HKFRS 15 on its unaudited condensed consolidated financial statements and has no significant impact on the Group's revenue recognition.

Upon the adoption of HKFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognise a contract asset. No contract asset is recognised upon transition and at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

HKFRS 15 – Revenue from Contracts with Customers (Continued)

The transition to HKFRS 15 has no material impact on retained profits at 1 April 2018. The following adjustments were made to the amounts recognised in the consolidated statement of financial position at the date of the initial application (1 April 2018). Line items that were not affected by the changes have not been included.

	HKAS 18 – carrying amount at 31 March 2018 HK\$'000	Reclassification HK\$'000	HKFRS 15 – carrying amount at 1 April 2018 HK\$'000
Current liabilities			
Deferred income	3,491	(3,491)	–
Contract liabilities*	–	3,491	3,491
Non-current liabilities			
Deferred income	14,738	(14,738)	–
Contract liabilities*	–	14,738	14,738

* Under HKFRS 15, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue, or when the Group receives consideration from a customer.

The following table summarises the impact of applying HKFRS 15 on the Group's unaudited condensed consolidated statement of financial position at 30 September 2018 and its unaudited condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported HK\$'000	Reclassification HK\$'000	Amounts without application of HKFRS 15 HK\$'000
Current liabilities			
Deferred income	–	3,256	3,256
Contract liabilities	3,256	(3,256)	–
Non-current liabilities			
Deferred income	–	13,361	13,361
Contract liabilities	13,361	(13,361)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

HKFRS 9 – Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for the annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group in the unaudited condensed consolidated financial statements.

(i) *Classification and measurement of financial instruments*

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade, bills and other receivables (that the trade, bills and other receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at fair value through other comprehensive income; or (iii) financial assets at fair value through profit or loss. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

The following accounting policies would be applied to the Group's financial assets:

Amortised cost	Financial assets at amortised cost are subsequently measured using effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
Equity investments at fair value through other comprehensive income	Equity investments at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains or losses are recognised in other comprehensive income and are never reclassified to profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

HKFRS 9 – Financial Instruments (Continued)

(i) Classification and measurement of financial instruments (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

The following table summarises the original classification and measurement categories under HKAS 39 and the new classification and measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	Notes	Original classification under HKAS 39	New classification under HKFRS 9	Original carrying amount under HKAS 39 HK\$'000	New carrying amount under HKFRS 9 HK\$'000
Available-for-sale investments	(a)	Available-for-sale	Equity investments at fair value through other comprehensive income	2,496	2,496
Trade receivables	(b)	Loans and receivables	Amortised cost	1,559	1,559
Deposits and other receivables	(b)	Loans and receivables	Amortised cost	10,075	10,075
Cash and cash equivalents	(b)	Loans and receivables	Amortised cost	47,836	47,836
				61,966	61,966

Notes:

- (a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by HKFRS 9, the Group has designated these investments at the date of initial application as measured at fair value through other comprehensive income. Unlike HKAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.
- (b) As at 1 April 2018 and 30 September 2018, all financial assets, except for equity investments which are measured at fair value through other comprehensive income, are measured at amortised cost.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

HKFRS 9 – Financial Instruments (Continued)

(i) *Classification and measurement of financial instruments (Continued)*

There is no significant financial impact of the Group's unaudited condensed consolidated financial statements resulting from the adoption of HKFRS 9 on the classification and measurement of the Group's financial instruments.

(ii) *Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for financial assets at amortised cost and debt instruments at fair value through other comprehensive income, but not to investments in equity instruments. Under HKFRS 9, credit losses are recognised earlier than HKAS 39.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

The Group's significant financial assets which are subject to the new expected credit loss model include trade and other receivables. The Group was required to revise its impairment methodology under HKFRS 9 for these classes of financial assets.

Bank and cash balances are subject to ECLs model but impairment is immaterial for the current period.

For other financial assets, they are measured at either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is estimated by the Directors, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impact of ECLs model

The Group has assessed and concluded that impact of expected credit losses on trade receivables, other receivables and deposits are insignificant as at 1 April 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

HKFRS 9 – Financial Instruments (Continued)

(iii) *Hedge accounting*

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) *Transition*

The general principle of HKFRS 9 is to apply the standard retrospectively in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. For the new classification and measurement requirements, the Group has elected for the exception from the requirement to restate comparative information as set out in the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

2.3 HKFRSs ISSUED BUT NOT YET EFFECTIVE

The following new and revised HKFRSs, potentially relevant to the Group's unaudited condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 16	Leases ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes and HKAS 23, Borrowing Costs ¹

¹ Effective for annual periods beginning on or after 1 January 2019

Total operating lease commitment of the Group in respect of land and buildings as at 30 September 2018 amounted to HK\$3,633,000. The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results though certain portion of these lease commitments will be required to be recognised in the form of an asset (for the right-of-use) and a financial liability (for the payment obligation) in the consolidated statement of financial position under HKFRS 16. However, the amount involved would be insignificant to adjust.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to the existing standards to the Group. Except as HKFRS 16 described above, the Directors anticipate that the application of other new and amendments to HKFRSs and an interpretation will have no material impact on the Group's financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 15 and HKFRS 9, which are described in note 2.2.

4. OPERATING SEGMENT INFORMATION

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

Non-current assets

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Hong Kong	1,818	550
Mainland China	801,708	890,722
	803,526	891,272

The non-current assets 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 2018 and 30 September 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

5. REVENUE, OTHER INCOME AND GAINS

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

In the following table, revenue is disaggregated by primary geographical market, major products and timing of revenue recognition. The Group has only one reportable operating segment which is the cemetery business.

	Unaudited	
	Six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
Primary geographical markets		
Mainland China	97,904	95,181
The revenue information above is based on the location of the customers.		
Major products		
Sales of tombs and niches	86,901	84,550
Management fee income	1,475	1,398
Burial service	9,382	8,787
Sales of funeral supplies	146	446
	97,904	95,181
Timing of revenue recognition		
A point in time	96,429	
Over time	1,475	
	97,904	
Other income and gains are as follows:		
Gain on disposal of items of property, plant and equipment	95	188
Bank interest income	135	106
Bad debts recovery	118	–
Fair value gain of the derivative component of convertible bonds	–	1,000
Others	174	–
	522	1,294

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Unaudited Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000
Cost of inventories sold	20,403	15,948
Cost of services provided	3,679	2,063
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):		
– Wages and salaries	16,837	18,058
Amortisation of intangible assets (note 13)*	1,191	1,446
Amortisation of cemetery assets (note 14)*	3,744	3,010
Auditors' remuneration	599	641
Depreciation		
– Property, plant and equipment (note 12)	5,283	4,713
– Investment properties	153	150
Foreign exchange differences, net	(399)	(72)
Minimum lease payments under operating leases	1,852	2,011

* 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.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000
Interest on interest-bearing bank and other borrowings (including convertible bonds)	10,746	16,130
Less: Interest capitalised	(6,077)	(6,359)
	4,669	9,771

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

8. 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	
	2018 HK\$'000	2017 HK\$'000
Fees	170	225
Other emoluments:		
Salaries, allowances and benefits in kind	1,940	2,760
Pension scheme contributions	18	27
	1,958	2,787
	2,128	3,012

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

8. 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:

	<i>Notes</i>	Salaries, allowances and benefits in kind HK\$'000
Six months ended 30 September 2018		
Independent Non-executive Directors:		
Mr. Chan Koon Yung		60
Mr. Lum Pak Sum	<i>(i)</i>	60
Mr. Lai Chun Yu	<i>(ii)</i>	50
		170
Six months ended 30 September 2017		
Independent Non-executive Directors:		
Mr. Chan Koon Yung		60
Mr. Lum Pak Sum	<i>(i)</i>	45
Mr. Lai Chun Yu	<i>(ii)</i>	60
Mr. Li Xigang	<i>(iii)</i>	60
		225

There were no other emoluments payable to the Independent Non-executive Directors during the Period (2017: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

(b) Executive Directors and Non-executive Directors

	<i>Notes</i>	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 30 September 2018				
Executive Directors:				
Mr. Shi Hua		780	–	780
Mr. Shi Jun		500	9	509
Mr. Law Fei Shing		600	9	609
		1,880	18	1,898
Non-executive Director:				
Mr. Wang Hongjie		60	–	60
		1,940	18	1,958
Six months ended 30 September 2017				
Executive Directors:				
Mr. Shi Hua		780	–	780
Mr. Shi Jun		660	9	669
Mr. Law Fei Shing		600	9	609
Ms. Shen Mingzhen	<i>(iv)</i>	600	9	609
		2,640	27	2,667
Non-executive Directors:				
Mr. Wang Hongjie		60	–	60
Mr. Cheng Gang	<i>(iii)</i>	60	–	60
		120	–	120
		2,760	27	2,787

Notes: (i) Appointed on 15 May 2017

(ii) Retired on 28 August 2018

(iii) Resigned on 30 September 2017

(iv) Resigned on 15 March 2018

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the Period (2017: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

9. 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% (2017: 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	
	2018 HK\$'000	2017 HK\$'000
Current tax		
Income tax in the PRC for the Period	8,101	7,621
Deferred tax	(2,993)	1,962
Total tax charge for the Period	5,108	9,583

10. DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (2017: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

11. 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 740,545,000 (2017: 693,445,000 (restated)) in issue during the Period.

For the six months ended 30 September 2018, there was no dilutive potential ordinary shares. For the six months ended 30 September 2017, the calculation of the diluted earnings per share amount was 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 was 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.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2017 in respect of a dilution as the impact of convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	Unaudited	
	Six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	9,180	5,752
Interest on convertible bonds	–	2,873
Less: Fair value gain on the derivative component of convertible bonds (<i>note 5</i>)	–	(1,000)
Profit attributable to ordinary equity holders of the parent, before the effect of convertible bonds	9,180	7,625*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

	Unaudited Six months ended 30 September	
	2018 Number of shares (‘000)	2017 Number of shares (‘000) (restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	740,545	693,445
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	–	4,208
	740,545	697,653*

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the consolidation of shares of the Company effective on 29 August 2018 as disclosed in note 22.

* Because the diluted earnings per share amount was increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the six months ended 30 September 2017 and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the six months ended 30 September 2017 of HK\$5,752,000 and the weighted average number of ordinary shares of 693,445,000 in issue during the six months ended 30 September 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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12. 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 1 April 2018	132,339	11,446	11,808	1,178	156,771
Additions	2,606	271	2,700	316	5,893
Disposals	–	(307)	(1,002)	(517)	(1,826)
Exchange realignment	(11,836)	(979)	(915)	(59)	(13,789)
At 30 September 2018	123,109	10,431	12,591	918	147,049
Accumulated depreciation:					
At 1 April 2018	(18,317)	(4,792)	(7,412)	(1,078)	(31,599)
Charge for the Period	(3,515)	(615)	(1,105)	(48)	(5,283)
Disposals	–	307	972	517	1,796
Exchange realignment	1,767	411	597	53	2,828
At 30 September 2018	(20,065)	(4,689)	(6,948)	(556)	(32,258)
Net carrying amount:					
At 31 March 2018	114,022	6,654	4,396	100	125,172
At 30 September 2018	103,044	5,742	5,643	362	114,791

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

12. 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 1 April 2017	99,633	6,406	12,248	1,099	119,386
Additions	22,323	4,401	328	16	27,068
Disposals	(378)	–	(1,920)	–	(2,298)
Exchange realignment	10,761	639	1,152	63	12,615
At 31 March 2018	132,339	11,446	11,808	1,178	156,771
Accumulated depreciation:					
At 1 April 2017	(10,883)	(2,673)	(6,202)	(987)	(20,745)
Charge for the year	(6,189)	(1,779)	(1,949)	(40)	(9,957)
Disposals	270	–	1,409	–	1,679
Exchange realignment	(1,515)	(340)	(670)	(51)	(2,576)
At 31 March 2018	(18,317)	(4,792)	(7,412)	(1,078)	(31,599)
Net carrying amount:					
At 31 March 2017	88,750	3,733	6,046	112	98,641
At 31 March 2018	114,022	6,654	4,396	100	125,172

As at 30 September 2018 and 31 March 2018, none of the Group's property, plant and equipment was pledged.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

13. INTANGIBLE ASSETS

	HK\$'000
Cost:	
Audited	
At 1 April 2017	458,371
Exchange realignment	49,506
At 31 March 2018	507,877
Unaudited	
At 1 April 2018	507,877
Exchange realignment	(45,423)
At 30 September 2018	462,454
Accumulated amortisation:	
Audited	
At 1 April 2017	(16,932)
Charge for the year	(3,071)
Exchange realignment	(1,997)
At 31 March 2018	(22,000)
Unaudited	
At 1 April 2018	(22,000)
Charge for the Period	(1,191)
Exchange realignment	2,011
At 30 September 2018	(21,180)
Net carrying amount:	
At 31 March 2018 (Audited)	485,877
At 30 September 2018 (Unaudited)	441,274

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 of 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

14. CEMETERY ASSETS

	Land costs HK\$'000	Landscape facilities HK\$'000	Total HK\$'000
Cost			
Audited			
At 1 April 2017	25,190	232,450	257,640
Additions	–	21,312	21,312
Transfer to inventories	(569)	(8,291)	(8,860)
Exchange realignment	2,721	26,000	28,721
At 31 March 2018	27,342	271,471	298,813
Unaudited			
At 1 April 2018	27,342	271,471	298,813
Additions	–	540	540
Transfer to inventories	(127)	(4,015)	(4,142)
Exchange realignment	(2,445)	(25,002)	(27,447)
At 30 September 2018	24,770	242,994	267,764
Accumulated amortisation:			
Audited			
At 1 April 2017	(547)	(27,236)	(27,783)
Provided for the year	(513)	(5,931)	(6,444)
Eliminated on transfer	95	174	269
Exchange realignment	(89)	(3,498)	(3,587)
At 31 March 2018	(1,054)	(36,491)	(37,545)
Unaudited			
At 1 April 2018	(1,054)	(36,491)	(37,545)
Provided for the Period	(248)	(3,496)	(3,744)
Eliminated on transfer	22	271	293
Exchange realignment	104	3,416	3,520
At 30 September 2018	(1,176)	(36,300)	(37,476)
Carrying value:			
At 31 March 2018 (Audited)	26,288	234,980	261,268
At 30 September 2018 (Unaudited)	23,594	206,694	230,288

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

30 September 2018

15. INVENTORIES

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Inventories		
– Tombs	241,202	235,351

As at 30 September 2018, inventories of approximately HK\$218,756,000 (31 March 2018: HK\$195,237,000) are expected to be recovered in more than one year.

16. TRADE RECEIVABLES

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

Trade receivables are unsecured and non-interest-bearing.

An aging 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 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Within 60 days	–	777
61 to 90 days	238	401
91 to 180 days	–	381
Neither past due nor impaired	238	1,559

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

16. TRADE RECEIVABLES (CONTINUED)

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

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Neither past due nor impaired	238	1,559

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

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Prepayments	2,379	3,515
Deposits and other receivables	5,937	10,075
	8,316	13,590

As at 30 September 2018, other receivable with a carrying amount of HK\$4,546,000 (equivalent to RMB4,000,000) represented the outstanding balance of earnest money paid to the shareholders of Jining Yongan Charity Business Co., Ltd. ("Jining Yongan", a company with limited liability established in the PRC) for a proposed acquisition of the entire equity of Jining Yongan (the "Jining Acquisition"), refundable from the shareholders of Jining Yongan as the Jining Acquisition did not proceed and is expected to be received in 2018.

Except for the above earnest money, the Group did not hold any collateral in respect of these balances.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

18. TRADE PAYABLES

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

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Within 90 days	11,794	5,289
91 to 180 days	4,689	6,248
181 to 365 days	15,982	9,521
Over 1 year	4,918	8,759
	37,383	29,817

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

19. OTHER PAYABLES AND ACCRUALS

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Accruals	5,060	8,355
Deposits received	24,331	23,569
Other payables	5,355	10,034
	34,746	41,958

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

20. CONTRACT LIABILITIES/DEFERRED INCOME

	HK\$'000
<hr/>	
Audited	
At 1 April 2017	15,812
Additions during the year	3,740
Released to profit or loss	(2,873)
Exchange realignment	1,550
	<hr/>
At 31 March 2018	18,229
	<hr/>
Unaudited	
At 1 April 2018	18,229
Additions during the Period	1,439
Released to profit or loss	(1,475)
Exchange realignment	(1,576)
	<hr/>
At 30 September 2018	16,617

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
<hr/>		
Analysed into:		
Current	3,256	3,491
Non-current	13,361	14,738
	<hr/>	<hr/>
	16,617	18,229

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

30 September 2018

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

Unaudited
As at 30 September 2018

	Effective interest rate (%)	Maturity	HK\$'000
Bank loans			
– guaranteed (<i>note (a)</i>)	5.24 – 6.53	September 2019	5,682
Current portion of long term bank loans			
– secured (<i>note (b)</i>)	4.90 – 6.47	October – December 2018	16,058
Other borrowings			
– unsecured (<i>note (c)</i>)	15.00	May 2019	34,000
Other borrowings			
– unsecured (<i>note (d)</i>)	6.57	June 2019	11,364
Other borrowings			
– unsecured (<i>note (e)</i>)	24.00	March 2020 with repayment on demand clause	11,364
			78,468
Non-current			
Bank loans			
– Secured (<i>note (b)</i>)	4.90	October 2019 – December 2023	160,645
			239,113

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

Audited As at 31 March 2018			
	Effective interest rate (%)	Maturity	HK\$'000
Current			
Bank loans			
– guaranteed (<i>note (a)</i>)	5.08	July 2018	6,240
Current portion of long term bank loans			
– secured (<i>note (b)</i>)	4.90 – 6.47	October – December 2018	17,635
Other borrowings			
– unsecured	9.07	August 2018	170
Other borrowings			
– guaranteed (<i>note (e)</i>)	24	March 2020 with repayment on demand clause	12,480
			36,525
Non-current			
Bank loans			
– Secured (<i>note (b)</i>)	4.90 – 6.47	October 2019 – December 2023	176,424
Other borrowings			
– guaranteed (<i>note (c)</i>)	15	May 2019	50,000
			226,424
			262,949

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

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

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	21,740	23,875
In the second year	26,763	29,391
In the third to fifth years, inclusive	133,882	147,033
	182,385	200,299
Other borrowings repayable:		
Within one year or on demand	56,728	12,650
In the second year	–	50,000
	56,728	62,650
	239,113	262,949

Notes:

- (a) The balances are guaranteed by certain Directors and their family members, and a non-controlling shareholder of a subsidiary.
- (b) The balances are secured by non-controlling shareholders' shares in subsidiaries and buildings owned by a non-controlling shareholder. The balances are guaranteed by certain Directors and a non-controlling shareholder of a subsidiary.
- (c) The balance represents an outstanding balance of the loan provided by Excel Precise International Limited ("Excel Precise"). Excel Precise is a holder of a money lenders licence under the Money Lenders Ordinance and is owned as to 25% by Mr. Law Fei Shing ("Mr. Law"), an Executive Director, and owned as to 73.5% by True Promise Investments Limited ("True Promise"), a company wholly-owned by Mr. Law. Mr. Law is the director of both Excel Precise and True Promise.
- (d) The balance represents a discounted bill.
- (e) The balance is guaranteed by certain directors of the Company and due in March 2020. As this loan contains a repayment on demand clause, the whole loan is classified as current liabilities.
- (f) Except for the other borrowings as set out in note (c) which were denominated in Hong Kong dollars, all borrowings are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

22. SHARE CAPITAL

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Issued and fully paid: 740,545,000 (31 March 2018: 7,405,453,000) ordinary shares	74,055	740,545

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: At 1 April 2018	7,405,453	740,545
Shares consolidation (<i>note (i)</i>)	(6,664,908)	(666,490)
At 30 September 2018	740,545	74,055

Note:

- (i) On 29 August 2018, share consolidation of every 10 issued ordinary shares of nominal value of HK\$0.10 each into 1 ordinary share of nominal value of HK\$1.00 each was completed. The cancellation of the fraction in the issued share capital of the Company arising as a result of the share consolidation and the reduction of the nominal value of each of the issued consolidated shares from HK\$1.00 to HK\$0.10 by cancelling the paid-up to the extent of HK\$0.90 on each of the issued consolidated shares was completed. As a result, amounts of HK\$477,000,000 and HK\$189,490,000 were credited to accumulated losses and contributed surplus account respectively. Details of the transactions were set out in the Company's circular dated 27 July 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

23. COMMITMENTS

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

	Unaudited As at 30 September 2018 HK\$'000	Audited As at 31 March 2018 HK\$'000
Contracted, but not provided for:		
Proposed acquisition of land use rights	9,091	9,984
Project construction	12,929	1,291
	22,020	11,275

24. RELATED PARTY TRANSACTIONS

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

(a) Other transactions with related parties

	Unaudited Six months ended 30 September 2018 HK\$'000	2017 HK\$'000
Consultancy fee to non-controlling shareholder in which one of the Executive Directors has control (<i>note (i)</i>)	915	448
Rental expenses to non-controlling shareholder in which one of the Executive Directors has control (<i>note (i)</i>)	354	48
Interest expenses to a related company in which one of the Executive Directors has control (<i>note (ii)</i>)	3,400	5,666

Notes:

- (i) These transactions constitute a de minimis transactions under Rule 14A.76(1)(c) of Chapter 14A of the Listing Rules and are therefore fully exempted from all disclosure requirements.
- (ii) As the borrowing is not secured by any asset of the Group (*note 21(c)*) and as the Directors consider that the borrowing is on normal commercial terms or better, the borrowing is fully exempted from the Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Certain directors have guaranteed bank loans and other borrowings. Details are set out in note 21 to the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

- (i) The Group had outstanding balance to the non-controlling shareholders of HK\$28,000 (31 March 2018: HK\$924,000) as at the end of the reporting period. The amount was non-trade in nature, unsecured, interest-free and repayable on demand.
- (ii) The Group had an outstanding balance of other borrowing due to a related company, in which one of the Executive Directors has control, amounted to HK\$34,000,000 (31 March 2018: HK\$50,000,000) as at the end of reporting period (note 21(c)). The balance was unsecured, guaranteed by Mr. Shi Hua, bearing an interest rate of 15% per annum and repayable in May 2019.

(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 8 to the financial statements.

25. EVENTS AFTER THE REPORTING DATE

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

26. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 22 November 2018.

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 2018
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

GLOSSARY

SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
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