



ANXIAN YUAN CHINA HOLDINGS LIMITED
安賢園中國控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 00922)

Interim Report **2025**

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*)

Independent Non-executive Directors

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

COMPANY SECRETARY

Ms. Chan Ka Man Karmen

AUDIT COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

REMUNERATION COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

NOMINATION COMMITTEE

Mr. Shi Hua (*Committee Chairman*)

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

AUTHORISED REPRESENTATIVES

Mr. Shi Hua

Mr. Law Fei Shing

AUDITOR

BDO Limited

Certified Public Accountants

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

PRINCIPAL BANKERS

Hong Kong

CMB Wing Lung Bank Limited

Bank of Communications (Hong Kong) Limited

PRC

Industrial and Commercial Bank of China 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 AGENT

MUFG Fund Services (Bermuda) Limited

4th Floor North

Cedar House

41 Cedar Avenue

Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited

17/F, Far East Finance Centre

16 Harcourt Road, Admiralty, Hong Kong

SHARE INFORMATION

Stock code: 00922

Board lot: 10,000 shares

WEBSITE

www.anxianyuanchina.com

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The funeral culture in China is profound and long-standing. “When one is alive, be served with propriety; when dead, be buried with propriety and worshipped with propriety (生，事之以禮；死，葬之以禮，祭之以禮)”, Confucius once said in the Analects of Confucius (《論語》). This concept of “the same respect for life and death” lays the core value of funeral culture and provides a deep foundation and a source of strength for the development of modern funeral industry. Reports indicated that as early as 2020, the market size of China’s funeral service industry reached RMB257.7 billion. In addition, professional institutions estimate that China’s funeral service market will grow steadily in the future, and the market size will reach RMB411.4 billion by 2026, with an estimated CAGR of 8.1%. Along with the increasing ageing of the population in China, China’s elderly population aged 60 and above has exceeded 21% of the total population at the end of 2023, and will continue to rise in the next decade. According to predictions by the United Nations, the annual death toll in China will rise from 11.10 million to 12.22 million between 2025 and 2030, which will directly promote the increase and evolution of demands for funeral industry.

With China’s socioeconomic development and accelerated urbanization, China’s average per capita disposable income has been increasing year by year. People gradually lift their pursuit from meeting the basic life requirements to satisfying spiritual needs, along with the constant enrichment of the material and cultural life. Amid such consumption upgrading trend, the demand for customized and personalized funeral services has gradually emerged.

The “Two Sessions” held in 2024 reasserted the importance of funeral and burial reforms, and continuously proposed to standardize the funeral market order, promote the regulated, professional, and diversified development of funeral services, so as to advocate and encourage the industry trends of green funeral and environmentally-friendly funeral. The support and guidance of policies, coupled with the opportunity of digital empowerment brought by the “post-epidemic era” to China’s funeral market, have driven the upgrading of funeral services and have injected new vitality and room for growth into the funeral market.

In summary, driven by structural growth in demand, consumption upgrades, policy support, digital transformation and cultural integration, the funeral and burial industry in the PRC has evolved beyond merely providing traditional funeral services to increasingly embrace a “life service” model, showcasing a broad market potential.

BUSINESS REVIEW AND OUTLOOK

As one of the pioneers in the funeral and burial industry in the PRC, the Group remains true to its original aspiration of “respecting life and serving life”, continuously strives for excellence in the quality of its funeral and burial services, upholds a deep sense of humanistic care, and is committed to providing each customer with a tranquil place of remembrance so that the deceased can rest in peace, the living can send their condolences and every customer can feel the dignity of life.

During the reporting period, the Group and its project companies fully implemented the decisions of the Board of Directors by adhering to the development policy of “stability, practicality, integrity and progress (穩、實、正、進)”. We aligned with development directions and fostered consensus to effectively address various risks and challenges. We also innovated and sought progress while maintaining stability, and continuously solidified our foundation to accumulate energy for long-term development. Zhejiang Anxian Yuan, as a flagship project, stabilized the development despite the slight decline in sales during the Period. Under the strong leadership of the Board of Directors, the Group maintained a robust financial condition, with its overall competitiveness continuously enhanced. The Group focused on securing benefits in a scientific manner, striving to advance its high-quality development while maintaining stability.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, on the basis of focusing on its core businesses, the Group tapped into the development potential of all project companies and vigorously expanded the service scope, with positive results achieved. Zhejiang Anxian Yuan, the Group's flagship project, embraced innovation by proposing the concept of "integrating technology into the industry to create a way to send people's thoughts and condolences", and launched a 200-square-meter "Unlimited" digital life experience space during the Tomb-sweeping Festival. This space utilized the latest high technologies such as holography and AI, and integrated a series of service functions such as personalized farewell ceremonies, AI, healing and blessing, and memorial-day remembrance. Upon its launch, it has received widespread acclaim from all sectors of society and become a hallmark of the Group that enhances our service and capabilities. It also represents a comprehensive attempt at the funeral reform, triggers a trend toward the digitization of funerals and the empowerment of the industry through "artificial intelligence+", and broadens the development idea for the future ecological funeral and burial.

The Group is dedicated to its mission and actively embraces social responsibility. We organize patriotic education activities in various local programs, commemorating ancestors who made significant contributions to foster a sense of responsibility and loyalty towards the nation and society, thereby gradually embedding the spirit of patriotism in local communities. During the Period, our projects have constantly engaged in charitable and public welfare initiatives to give back to society, helping us build a positive social reputation and enhance our corporate image.

Looking forward, the Group will continue to uphold the business philosophy that emphasizes being "people-oriented, culture-based, scientific-minded and service-purposed", continuously optimize and enhance its operations, striving for steady progress. By consolidating the existing businesses, exploring brand values, and refining our product strategies and structures, we aim to facilitate the transformation and upgrading of our services. Our priority will be to promote green funerals, guided by ecological conservation principles. We will steadfastly uphold green funerals as its core principle, emphasizing environmentally friendly practices and land conservation. We will strengthen innovation-driven initiatives, increase investment in research and development, actively expand the funeral service chain, and explore the infinite possibilities enabled by technology. This comprehensive approach aims to promote the modernization, ecological sustainability, and humanization of funeral services in China. In response to the opportunities and challenges in the funeral industry, the Group will live up to the mission of the times, continue to adapt to changes, and upgrade its operation and management. All in all, the Group is committed to delivering the most professional and high-quality services in the industry for both society and customers, while achieving solid performance to reward partners and a wide range of investors.

CEMETERY BUSINESS

The revenue growth and gross profit ratio are the key measurement used for the assessment of business performance. Set out is the table summarizing the key performance indicators for the Group's business.

Key performance indicators	Definition	Six months ended 30 September	
		2024	2023
Revenue growth	Total revenue in current Period vs the last period	-25.0%	-4.5%
Gross profit ratio	Gross profit over total revenue	72.6%	72.4%

During the Period, the Group remain focused its cemetery business in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the Period, the Group recorded net profit of approximately HK\$18.2 million (six months ended 30 September 2023: approximately HK\$27.2 million) and revenue of approximately HK\$102.3 million (six months ended 30 September 2023: approximately HK\$136.5 million). The Group's earnings before interest and tax was approximately HK\$29.4 million (six months ended 30 September 2023: approximately HK\$40.4 million). Decrease in the Group's net profit by approximately HK\$9.0 million period-on-period.

Revenue

Total revenue and gross profit for the period ended 30 September 2024 decreased to HK\$102.3 million (six months ended 30 September 2023: HK\$136.5 million) and HK\$74.3 million (six months ended 30 September 2023: HK\$98.9 million) compared with the previous period respectively. The decrease in revenue and gross profit was mainly due to total number of tombs sold was decreased by 30%.

During the Period, of the total revenue of approximately HK\$102.3 million (six months ended 30 September 2023: approximately HK\$136.5 million), sales of tombs and niches amounted to approximately HK\$86.7 million (six months ended 30 September 2023: approximately HK\$123.2 million).

Other income and gains, net

The Group recorded a decrease in other income and gain by approximately HK\$0.5 million for the Period. Such decrease was mainly due to the drop of bank interest income received amounting to approximately HK\$2.6 million (six months ended 30 September 2023: HK\$3.5 million).

Selling and distribution expenses

Selling and distribution expenses decreased from HK\$18.2 million to HK\$12.0 million compared with last period. It was mainly due to selling expense was decreased in promotion expense for developing cemetery market.

Administrative expenses

Administrative expenses decreased from HK\$44.6 million to HK\$36.7 million compared with last period. Such decrease was mainly due to the decrease in repair and maintenance expenses of cemetery and tomb assets.

Finance costs

The Group recorded a decrease in finance costs by approximately HK\$0.3 million period-on-period. Such decrease was primarily due to the repayment of bank borrowings for the Period.

Profit for the period attributable to owners of the Company

As a result of the reasons mentioned above, profit attributable to owners of the Company for the Period was approximately HK\$17.4 million (six months ended 30 September 2023: profit attributable to owners of the Company of approximately HK\$26.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group's business operations were funded by its internal resources and bank borrowings. A summary of the condensed consolidated statement of cash flows for the periods ended 30 September 2024 and 2023 were as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Net cash flows generated from operating activities	12,871	36,643
Net cash flows (used in)/generated from investing activities	(45,209)	58,219
Net cash flows generated from/(used in) financing activities	15,441	(20,186)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16,897)	74,676

During the Period, the net decrease in cash equivalents was approximately HK\$16.9 million (six months ended 30 September 2023: net increase in cash equivalents of approximately HK\$74.7 million). As at 30 September 2024, the cash and cash equivalents of the Group was approximately HK\$323.9 million (31 March 2024: approximately HK\$339.4 million). The Group had short-term bank borrowings of approximately HK\$33.3 million (31 March 2024: approximately HK\$17.3 million) and the Group had no long-term bank borrowings (31 March 2024: Nil) as at 30 September 2024. During the Period, new bank borrowings raised approximately HK\$33.3 million and the Group spent approximately HK\$17.4 million for repayment of bank borrowings in order to improve the Group's financial position.

The current ratio (current assets/current liabilities) of the Group was approximately 3.22 as at 30 September 2024 (31 March 2024: approximately of 3.96). The decrease in current ratio as at 30 September 2024 as compared to 31 March 2024 was mainly due to the increase in current liabilities of the Group.

The gearing ratio (total liabilities/total assets) at the end of the Period was 0.25 (31 March 2024: 0.23).

As at 30 September 2024, the Group recorded net current assets of approximately HK\$393.0 million (31 March 2024: approximately HK\$436.0 million). It indicated the Group has sufficient working capital to meet its financial obligations.

CAPITAL STRUCTURE

As at 30 September 2024, the issued share capital of the Company was 2,221,363,150 ordinary shares. During the Period, there was no movement of the issued share capital of the Company.

Total assets and net assets of the Group as at 30 September 2024 were approximately HK\$1,299.4 million (31 March 2024: approximately HK\$1,275.1 million) and approximately HK\$973.0 million (31 March 2024: approximately HK\$978.7 million) respectively. The net assets per share was approximately HK\$0.44 (31 March 2024: approximately HK\$0.44). The decrease in net assets was mainly due to the Group recorded net profit attributable to owners of the Company of HK\$17.4 million but offset dividend payable of HK\$28.9 million and unrealized exchange gain on translation of financial statements of foreign operations of approximately HK\$5.2 million due to the appreciation in RMB against HK\$ as at 30 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 September 2024, Anxian Yuan (Zhejiang) pledged certain properties with net carrying value amounting of HK\$ 8,389,000 for interest-bearing bank borrowings (31 March 2024: Nil). (Note 18)

As at 31 March 2024, 98.38% equity interests in Zhejiang Anxian Yuan was pledged to secure the bank borrowings granted to this subsidiary. (Note 18)

LITIGATION

No significant litigation as at 30 September 2024 was noted.

FINANCIAL GUARANTEE

No outstanding financial guarantee of the Group as at 30 September 2024 was noted (31 March 2024: Nil).

SIGNIFICANT INVESTMENTS

The Group did not have significant investment during the Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group had no significant contingent liabilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Period, the Group's business including revenue and cost of sales were mainly denominated in RMB and the fund raising activities were denominated in HK\$ and 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 year/period end date as foreign operations. The Group currently does have foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group also monitors its foreign currency exposure closely and considers hedging significant foreign currency exposure should the need arise. The Group did not have significant exposure to foreign currency risk at 30 September 2024. No foreign currency hedge was made during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2024, the Group had 12 employees (including Directors) (31 March 2024: 12 employees) and 214 employees (31 March 2024: 268 employees) (including part-time and full-time 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. The Group also provides provident fund schemes (as the case may be) to its employees depend on the location of such 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 share option schemes 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\$17.7 million (six months ended 30 September 2023: approximately HK\$20.7 million), of which contribution to mandatory provident fund were approximately HK\$60,000 (six months ended 30 September 2023: approximately HK\$60,000). No share options were granted during the Period.

RIGHTS ISSUE AND USE OF THE NET PROCEEDS

On 25 March 2020, the Company announced that the Board proposed to implement the rights issue on the basis of three rights shares for every two Shares in issue at the subscription price of HK\$0.1 per rights share, to raise up to approximately HK\$133.3 million before expenses by way of issuing up to 1,332,817,890 rights shares ("Rights Issue").

On 30 July 2020, the Company completed the Rights Issue and issued 1,332,817,890 rights shares. The net proceeds from the Rights Issue was approximately HK\$131.5 million.

Further details of the Rights Issue were set out in the Company's announcements dated 25 March 2020, 28 May 2020, 29 July 2020, 30 July 2020 and 18 September 2020, the Company's circular dated 29 April 2020 and the Company's prospectus dated 8 July 2020 (collectively "Rights Issue Documents").

Pursuant to the Company's announcements dated 26 November 2021 and 8 December 2021 in relation to the change in use of proceeds from Rights Issue, in light of the current market conditions, the Board has resolved that it would be in the best interest of the Company and the Shareholders to reallocate the unutilized net proceeds of HK\$81,490,000 which was originally allocated for potential strategic investment opportunity(ies) to (i) the repayment of existing debts and payables, which will allow the Group to lower its gearing ratio, reduce its interest expenses and financing costs and to achieve greater flexibility on the allocation of the Group's internal resources for the daily operation of the Group; and (ii) as general working capital to meet the Group's business development and allow the Group to deploy its financial resources to cope with the economic uncertainties in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the details of the intended use of net proceeds as stated in the Rights Issue Documents, the reallocation of unutilized net proceeds as stated in the Company's announcements dated 26 November 2021 and 8 December 2021, the actual use of net proceeds up to 30 September 2024 and the remaining balance of unutilised net proceeds as at 30 September 2024:

Original intended use of net proceeds	Intended use of net proceeds as stated in the Rights Issue Documents (%) HK\$'000	Reallocation of unutilized net proceeds as stated in the Company's announcements dated	Actual use of net proceeds up to 30 September 2024 HK\$'000	Remaining balance of unutilised net proceeds as at
		26 November 2021 and 8 December 2021 HK\$'000		30 September 2024 HK\$'000
Potential opportunity(ies) in strategic investment	81,490 (62%)	(81,490)	–	–
Repayment of existing debts and payables	28,891 (22%)	60,000	88,891	–
General working capital	21,120 (16%)	21,490	42,610	–
	131,501	–	131,501	–

Save as disclosed above, the Company has applied the net proceeds from the Rights Issue in accordance with the proposed intentions as set out in the Rights Issue Documents.

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 15 and 16 respectively.

The Directors have declared an interim dividend of HK0.5 cent per share for the six months ended 30 September 2024 (six months ended 30 September 2023: HK0.8 cent per share), which is payable on Tuesday, 7 January 2025 to the Shareholders whose names appear on the registers of members of the Company on Friday, 13 December 2024.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, no major subsequent events affecting the Group had occurred since the end of the reporting period and up to the date of this report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2024, 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 the issued shares of the Company:

Name of Director	Nature of interest/Capacity	Number of Shares held	Approximate percentage of shareholding (Note 3)	Notes
Mr. Shi Hua	Beneficial Owner	25,795,000	1.16%	
	Interest of controlled corporation	1,273,530,616	57.33%	1
Mr. Shi Jun	Beneficial Owner	30,500,000	1.37%	
Mr. Law Fei Shing	Beneficial Owner	50,000,000	2.25%	
	Interest of controlled corporation	1,136,530,616	51.16%	2

Notes:

- 1,273,530,616 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 (i.e. 50,000 shares) of which is legally and beneficially owned by Mr. Shi Hua. Under the SFO, Mr. Shi Hua was deemed to be interested in 1,273,530,616 Shares held by Master Point Overseas Limited.

As Master Point Overseas Limited held more than 50% of the issued share capital of the Company, Master Point Overseas Limited was associated corporation of the Company within the meaning of Part XV of the SFO.

- 1,136,530,616 Shares held by Master Point Overseas Limited were subject to a share charge executed by Master Point Overseas Limited as charger in favour of Excel Precise International Limited ("Excel Precise") as chargee which is owned as to 25% by Mr. Law Fei Shing and 73.5% by True Promise Investments Limited ("True Promise"), a company which in turn is wholly-owned by Mr. Law Fei Shing. Accordingly, Mr. Law Fei Shing and True Promise were deemed to be interested in the 1,136,530,616 Shares in which Excel Precise was interested under the SFO.
- The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2024 which was 2,221,363,150.

Save as disclosed above, as at 30 September 2024, so far as was known to the Directors, 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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, 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 position in the issued shares of the Company:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held	Approximate percentage of shareholding (Note 3)	Notes
Master Point Overseas Limited	Beneficial Owner	1,273,530,616	57.33%	1
Excel Precise International Limited	Person having a security interest in shares	1,136,530,616	51.16%	2
True Promise Investments Limited	Interest of controlled corporation	1,136,530,616	51.16%	2

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 "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES".
2. The interests of Excel Precise and True Promise are also disclosed as the interest of Mr. Law Fei Shing in the above section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES".
3. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 September 2024 which was 2,221,363,150.

Save as disclosed above, as far as was known to the Directors, no other person (not being a Director or Chief Executive) 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 INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short position in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME

During the Period, the Company adopted a share option scheme (the “Share Option Scheme”) on 28 August 2018 (the “Adoption Date”). The purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons who contribute to the success of the Group’s operations. Eligible persons of the 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 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 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 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 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 Share Option Scheme will be valid and effective for a period of ten years commencing on the date of approval of the Share Option Scheme (i.e. 28 August 2018), after which period no further options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and options granted during the life of the 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.

The directors of the Company confirm that the Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. During the Period and up to the date of this report, no option had been granted by the Company under the Share Option Scheme. No share option was outstanding as at 30 September 2024.

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 2024, 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.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the information of the Directors of the Company required to be disclosed since the publication of 2024 annual report of the Company up to the date of approval of this interim report is set out below:

- (i) Mr. Lum Pak Sum was appointed as an independent non-executive director of Wai Hung Group Holdings Limited (stock code: 3321) with effect from 9 October 2024.

Save as disclosed above, there is no other change in the information of the Directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules throughout the six months ended 30 September 2024. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

AUDIT COMMITTEE REVIEW

The Audit Committee has been established with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3.3 of the CG Code, 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 three Independent Non-executive Directors, namely Mr. Chan Koon Yung, Mr. Lum Pak Sum and Ms. Hung Wan Fong, Joanne. 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 2024, with the management of the Company and has no disagreement with the accounting treatments adopted.

OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “Model Code”) as its own code of conduct for securities transactions by the Directors. The Company had made specific enquiry to all the Directors and they had confirmed compliance with the Model Code throughout the Period. No incident of non-compliance was noted by the Company during the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at 30 September 2024 and the date of this report, the Company has maintained the prescribed minimum public float as required under the Listing Rules.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members will be closed on Friday, 13 December 2024 for the purpose of determining the entitlement of the Shareholders to the interim dividend and no transfer of shares will be effected on that date. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong before 4:30 p.m. on Thursday, 12 December 2024. The interim dividend is payable on Tuesday, 7 January 2025 to the Shareholders whose names appear on the registers of members of the Company on Friday, 13 December 2024.

APPRECIATION

The Board would like to thank the management of the Group and all our staff for their hard work and dedication, as well as its shareholders, for their support to the Group.

By order of the Board
Anxian Yuan China Holdings Limited
Shi Hua
Chairman

Hong Kong, 26 November 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

	Notes	Unaudited Six months ended 30 September	
		2024 HK\$'000	2023 HK\$'000
REVENUE	5	102,307	136,483
Cost of sales		(28,035)	(37,618)
Gross profit		74,272	98,865
Other income and gains, net	5	3,798	4,332
Selling and distribution expenses		(12,028)	(18,186)
Administrative expenses		(36,683)	(44,619)
Finance costs	7	(298)	(623)
PROFIT BEFORE INCOME TAX	6	29,061	39,769
Income tax expense	9	(10,825)	(12,588)
PROFIT FOR THE PERIOD		18,236	27,181
Profit for the period attributable to:			
Owners of the Company		17,382	26,014
Non-controlling interests		854	1,167
		18,236	27,181
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD			
Basic and diluted (<i>HK cents</i>)	11	0.78	1.17

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	18,236	27,181
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	5,417	(45,617)
Change in fair value of equity investments at fair value through other comprehensive income	6	(86)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	5,423	(45,703)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	23,659	(18,522)
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	22,614	(18,003)
Non-controlling interests	1,045	(519)
	23,659	(18,522)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	<i>Notes</i>	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	66,487	68,698
Right-of-use assets	12	1,965	2,979
Intangible assets	12	409,549	408,445
Goodwill		12,392	12,328
Equity investments		1,054	1,048
Cemetery assets	13	237,484	197,911
Loan to non-controlling shareholder	16	206	202
Total non-current assets		729,137	691,611
CURRENT ASSETS			
Inventories	14	237,203	240,059
Trade receivables	15	2,063	1,009
Prepayments, deposits and other receivables		6,579	2,610
Loan to non-controlling shareholder	16	452	414
Cash and cash equivalents		323,904	339,428
Total current assets		570,201	583,520
CURRENT LIABILITIES			
Trade payables	17	29,143	36,456
Other payables and accruals		12,987	11,249
Contract liabilities		25,720	26,898
Interest-bearing bank borrowings	18	33,267	17,296
Lease liabilities		288	420
Tax payables		46,903	55,161
Dividends payable	10(b)	28,878	–
Total current liabilities		177,186	147,480
NET CURRENT ASSETS		393,015	436,040
TOTAL ASSETS LESS CURRENT LIABILITIES		1,122,152	1,127,651

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	<i>Notes</i>	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
NON-CURRENT LIABILITIES			
Contract liabilities		39,612	39,580
Lease liabilities		–	28
Deferred tax liabilities		109,583	109,372
Total non-current liabilities		149,195	148,980
NET ASSETS		972,957	978,671
EQUITY			
Share capital	19	222,136	222,136
Reserves		714,565	720,829
Equity attributable to owners of the Company		936,701	942,965
Non-controlling interests		36,256	35,706
TOTAL EQUITY		972,957	978,671

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

		Unaudited										
		Attributable to owners of the Company										
		Equity								Non-		
		Share capital	Share premium*	investments at FVTOCI reserve*	Contributed surplus reserve*	Statutory reserve fund*	Exchange fluctuation reserve*	Other reserve*	Retained profits*	Total	controlling interests	Total equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2024		222,136	151,136	(1,513)	47,323	56,953	(61,006)	(10,687)	538,623	942,965	35,706	978,671
Profit for the Period		-	-	-	-	-	-	-	17,382	17,382	854	18,236
Other comprehensive income/(loss) for the Period:												
Exchange differences on translation of financial statements of foreign operations		-	-	-	-	-	5,226	-	-	5,226	191	5,417
Change in fair value of equity investments at fair value through other comprehensive income ("FVTOCI")		-	-	-	-	-	6	-	-	6	-	6
Total comprehensive income/(loss) for the Period		-	-	-	-	-	5,232	-	17,382	22,614	1,045	23,659
Final dividend approved in respect of previous financial year of HK1.3 cents (rate 10(b))		-	-	-	(28,878)	-	-	-	-	(28,878)	-	(28,878)
Dividend paid to non-controlling interests in subsidiaries		-	-	-	-	-	-	-	-	-	(495)	(495)
At 30 September 2024		222,136	151,136	(1,513)	18,445	56,953	(55,774)	(10,687)	556,005	936,701	36,256	972,957

* These reserve accounts comprise the consolidated reserves as at 30 September 2024 in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Unaudited										
	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium* HK\$'000	Equity investments at FVTOCI reserve* HK\$'000	Contributed surplus reserve* HK\$'000	Statutory reserve fund* HK\$'000	Exchange fluctuation reserve* HK\$'000	Other reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2023	222,136	151,136	258	98,414	49,366	(28,683)	(10,687)	488,386	970,326	36,381	1,006,707
Profit for the period	-	-	-	-	-	-	-	26,014	26,014	1,167	27,181
Other comprehensive income/(loss) for the period:											
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(43,931)	-	-	(43,931)	(1,886)	(45,617)
Change in fair value of equity investments at FVTOCI	-	-	-	-	-	(66)	-	-	(66)	-	(66)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(44,017)	-	26,014	(18,003)	(519)	(18,522)
Final dividend approved in respect of previous financial year of HK1.5 cents	-	-	-	(33,320)	-	-	-	-	(33,320)	-	(33,320)
At 30 September 2023	222,136	151,136	258	65,094	49,366	(72,700)	(10,687)	514,400	919,003	35,862	954,865

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Unaudited	
	Six months ended 30 September 2024 HK\$'000	Six months ended 30 September 2023 HK\$'000
Net cash flows generated from operating activities	12,871	36,643
Net cash flows (used in)/generated from investing activities	(45,209)	58,219
Net cash flows generated from/(used in) financing activities	15,441	(20,186)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16,897)	74,676
Cash and cash equivalents at beginning of period	339,428	283,409
Effect of foreign exchange rate changes, net	1,373	(13,661)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	323,904	344,424
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	323,904	344,424

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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.

The Directors of the Company consider the ultimate holding company of the Company to be Master Point Overseas Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company is Mr. Shi Hua, the Chairman and Executive Director, as at 30 September 2024.

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, except for equity investments which were stated at fair value. 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 2024.

2.2 AMENDED 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 2024. In the Period, the Group has applied for the first time the following amendments and interpretation issued by the HKICPA that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements.

The HKICPA has issued a number of amended HKFRSs that are first effective and relevant to the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the above amended 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

For the six months ended 30 September 2024

2.3 NEW OR AMENDED HKFRSs ISSUED BUT NOT YET EFFECTIVE

The following new or amended 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.

Amendments to HKAS 21	Lack of Exchangeability ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ¹

¹ Effective for annual periods beginning on or after 1 January 2025

The Group has already commenced an assessment of the impact of adopting the above new or amended HKFRSs to the existing standards to the Group. The Directors anticipate that the application of new or amended HKFRSs will have no material impact on the Group's financial performance and positions and/or the disclosures to the unaudited condensed consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated financial statements, 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 that applied to the Group's annual financial statements for the year ended 31 March 2024.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Disaggregated revenue from external customers

	Unaudited Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
The PRC	102,307	136,483

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Hong Kong	189	350
The PRC	727,688	690,011
	727,877	690,361

Non-current assets information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

No revenue from a single customer accounted for 10% or more of the Group's revenue during the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

5. REVENUE, OTHER INCOME AND GAINS

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products and services and timing of revenue recognition. The Group has only one reportable operating segment which is the cemetery business in the PRC, and the disaggregated geographic information of revenue has been set out in note 4(a) above.

	Unaudited Six months ended 30 September 2024 HK\$'000	2023 HK\$'000
Revenue by products and services		
Sales of tombs and niches	86,712	123,160
Management fee income	4,825	2,054
Burial services	10,770	11,269
	102,307	136,483
Timing of revenue recognition		
A point in time	86,712	123,160
Over time	15,595	13,323
	102,307	136,483
Other income and gains, net		
Bank interest income	2,566	3,547
Written back impairment of loan to a non-controlling shareholder	660	–
Others	572	785
	3,798	4,332

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

6. PROFIT BEFORE INCOME TAX

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

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Cost of inventories sold recognised as expense	18,876	28,640
Cost of services provided	4,153	3,671
Employee benefit expense (excluding Directors' and chief executives' remuneration (note 8)):		
– Wages and salaries	15,308	18,297
Amortisation of intangible assets*	1,127	1,512
Amortisation of cemetery assets*	3,881	3,795
Depreciation		
– Property, plant and equipment	4,019	3,716
– Right-of-use assets [#]	1,286	1,276
Exchange losses, net	972	2,210
Loss on disposal of property, plant and equipment, net	4	12

* Amortisations of intangible assets and cemetery assets for the Period are included in "Cost of sales" in the condensed consolidated statement of profit or loss.

[#] The depreciation of right-of-use assets of HK\$810,000 (six months ended 30 September 2023: HK\$799,000) and HK\$476,000 (six months ended 30 September 2023: HK\$477,000) are included in "Selling and distribution expenses" and "Administrative expenses" respectively.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Interest on lease liabilities	9	22
Interest on interest-bearing bank borrowings	509	765
Less: Interest capitalised	(220)	(164)
	298	623

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executives' 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	
	2024 HK\$'000	2023 HK\$'000
Fees	252	234
Other emoluments:		
Salaries, allowances and benefits in kind	2,114	2,178
Pension scheme contributions	18	18
	2,132	2,196
	2,384	2,430

(a) Independent Non-executive Directors

	Salaries, allowances and benefits in kind HK\$'000
Six months ended 30 September 2024	
Mr. Chan Koon Yung	84
Mr. Lum Pak Sum	84
Ms. Hung Wan Fong, Joanne	84
	252
Six months ended 30 September 2023	
Mr. Chan Koon Yung	78
Mr. Lum Pak Sum	78
Ms. Hung Wan Fong, Joanne	78
	234

There were no other emoluments payable to the Independent Non-executive Directors during the Period (six months ended 30 September 2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (CONTINUED)

(b) Executive Directors and Non-executive Director

	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 30 September 2024			
Executive Directors:			
Mr. Shi Hua	780	–	780
Mr. Shi Jun	660	9	669
Mr. Law Fei Shing	660	9	669
	2,100	18	2,118
Non-executive Director:			
Mr. Wang Hongjie (Resigned on 30 April 2024)	14	–	14
	2,114	18	2,132
Six months ended 30 September 2023			
Executive Directors:			
Mr. Shi Hua	780	–	780
Mr. Shi Jun	660	9	669
Mr. Law Fei Shing	660	9	669
	2,100	18	2,118
Non-executive Director:			
Mr. Wang Hongjie	78	–	78
	2,178	18	2,196

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the Period (six months ended 30 September 2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries 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 (six months ended 30 September 2023: Nil).

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 (six months ended 30 September 2023: Nil).

Provision for the PRC current income tax is based on the statutory rate of 25% (six months ended 30 September 2023: 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	
	2024	2023
	HK\$'000	HK\$'000
Current tax – PRC Corporate Income Tax		
– Tax in the PRC for the period	9,448	12,528
PRC dividend withholding tax	1,553	1,862
Deferred tax	(176)	(1,802)
Total income tax expenses for the period	10,825	12,588

10. DIVIDEND

The Directors have declared an interim dividend of HK0.5 cent per share for the six months ended 30 September 2024 (six months ended 30 September 2023: HK0.8 cent per share), which is payable on Tuesday, 7 January 2025 to the Shareholders whose names appear on the registers of members of the Company on Friday, 13 December 2024.

(a) Dividend attributable to the Period:

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend of HK0.5 cent (2023: HK0.8 cent) per share declared	11,107	17,771

The interim dividend was proposed after the end of the relevant financial period and has not been recognized as a liability at the end of the relevant financial period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

10. DIVIDEND (CONTINUED)

- (b) At a meeting held on 21 June 2024, the Directors proposed a final dividend of HK1.3 cents per ordinary share for the year ended 31 March 2024 (31 March 2023: HK1.5 cents), which was estimated to be HK\$28,878,000 at the time calculated on the basis of the ordinary share in issue as at 31 March 2024. The final dividend was approved by Shareholders at the annual general meeting on 9 September 2024.

11. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the Period attributable to owners of the Company of HK\$17,382,000 (six months ended 30 September 2023: HK\$26,014,000), and the weighted average number of ordinary shares of 2,221,363,000 (six months ended 30 September 2023: 2,221,363,000) in issue during the Period.

For the six months ended 30 September 2024, there was no dilutive potential ordinary shares (six months ended 30 September 2023: Nil) and hence the diluted earnings per share is the same as basic earnings per share.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the Period, the Group acquired items of property, plant and machinery with a cost of HK\$1,493,000 (six months ended 30 September 2023: HK\$2,461,000). Items of property, plant and machinery with a net carrying value of HK\$11,000 were disposed of during the Period (six months ended 30 September 2023: HK\$38,000), resulting in a loss on disposal of HK\$4,000 (six months ended 30 September 2023: loss of HK\$12,000).

Certain properties with net carrying value amounting of HK\$8,389,000 were pledged for the banking facilities granted by the banks at the end of the Period (31 March 2024: Nil).

In addition, the Group has entered into new lease agreements during the Period. Right-of-use assets amounted to HK\$436,000 (six months ended 30 September 2023: HK\$865,000) has been recognised for the Period accordingly.

No additions to intangible assets was made during the Period (six months ended 30 September 2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

13. CEMETERY ASSETS

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Leasehold lands	56,610	17,678
Landscape facilities	180,874	180,233
	237,484	197,911

During the Period, the Group acquired leasehold lands in PRC at a cost of HK\$41,033,000 (31 March 2024 : Nil).

14. INVENTORIES

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Inventories		
– Tombs	237,203	240,059

As at 30 September 2024, inventories of approximately HK\$195,666,000 (31 March 2024: HK\$176,124,000) are expected to be recovered in more than one year.

15. TRADE RECEIVABLES

An aging analysis of the trade receivables as at the end of the Period, based on the invoice date and net of loss allowance, is as follows:

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Within 60 days	209	279
61 to 180 days	1,142	–
Over 1 year	712	730
	2,063	1,009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

16. LOAN TO NON-CONTROLLING SHAREHOLDER

During the year ended 31 March 2021, Anxian Yuan (Zhejiang), a wholly-owned subsidiary of the Group, granted a loan to non-controlling shareholder of Yin Chuan Fu Shou Yuan, the subsidiary of the Group, with principal amount of RMB3,000,000 (equivalent to approximately of HK\$3,550,000). This loan is interest-bearing at 1% per annum with an effective interest rate of 4.64% per annum. The loan and the accrued interest are repayable in five years annually and secured by 30% equity interests of Yin Chuan Fu Shou Yuan held by this non-controlling shareholder.

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Carrying value less loss allowance recognised		
Analysed into:		
Current	452	414
Non-current	206	202
	658	616

17. 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 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Within 90 days	1,286	18,730
91 to 180 days	830	3,363
181 to 365 days	17,184	3,205
Over 1 year	9,843	11,158
	29,143	36,456

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

18. INTEREST-BEARING BANK BORROWINGS

Unaudited As at 30 September 2024			
	Effective interest rate (%)	Repayment dates	HK\$'000
Current			
Current portion of bank loans			
– secured (<i>note (a)</i>)	4.50	May 2025	33,267
Audited As at 31 March 2024			
	Effective interest rate (%)	Repayment dates	HK\$'000
Current			
Current portion of long-term bank loans			
– guaranteed and secured (<i>note (b)</i>)	4.75	July 2024	17,296
			Unaudited As at 30 September 2024 HK\$'000
			Audited As at 31 March 2024 HK\$'000
Based on the repayment schedules and analysed into:			
Bank loans repayable:			
Within one year			33,267 17,296

Notes:

- (a) As at 30 September 2024, the Group's bank loans amounting to HK\$33,267,000 are secured certain properties with net carrying amounting of HK\$8,389,000 which pledged by a subsidiary.
- (b) As at 31 March 2024, the Group's bank loans amounting to HK\$17,296,000 are secured by 98.38% equity interests in a subsidiary of the Company and properties owned by a related company in which one of the Executive Directors has control, together with the rental income receivables from these properties.
- (c) All borrowings are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

19. SHARE CAPITAL

	Unaudited As at 30 September 2024 HK\$'000	Audited As at 31 March 2024 HK\$'000
Issued and fully paid: 2,221,363,000 (31 March 2024: 2,221,363,000) ordinary shares	222,136	222,136

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

	Number of shares ('000)	Nominal value HK\$'000
At 31 March 2024 and 30 September 2024	2,221,363	222,136

20. CAPITAL COMMITMENTS

The Group had no material capital commitment at the end of the Period (31 March 2024: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

21. 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	
	2024	2023
	HK\$'000	HK\$'000
Consultancy fee to a related company in which one of the Executive Directors has control (<i>notes (i) and (ii)</i>)	396	396
Rental payment to a related company in which one of the Executive Directors has control (<i>notes (i) and (iii)</i>)	484	484
Carpark fee to a related company in which a close family member of one of the Executive Directors has control (<i>notes (i) and (iv)</i>)	30	30

Note:

- (i) These transactions constitute 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) These transactions related to consultancy fee paid to a related party in which one of the executive directors has control.
- (iii) These rental expenses related to rental payment to related party in which one of the executive directors has control.
- (iv) These carpark expenses related to carpark payment to related party in which a close family member of one of the executive directors has control.

(b) 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 condensed consolidated financial statements.

22. 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.

23. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board on 26 November 2024.

GLOSSARY

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

Anxian Yuan (Zhejiang)	安賢園(浙江)投資管理有限公司 (in English, for identification purpose, Anxian Yuan (Zhejiang) Investment Management Company Limited), a limited liability company established under the laws of the PRC
Board	the board of Directors
CG Code	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
Chairman	the chairman of the Board
Chief Executive Officer	the chief executive officer of the Company
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 C3 of the Listing Rules
Non-executive Director(s)	the non-executive Director(s)

GLOSSARY

Period	the six months ended 30 September 2024
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)
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
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of PRC
%	per cent