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**ANXIAN YUAN CHINA HOLDINGS LIMITED**

**安賢園中國控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 00922)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**ANNUAL RESULTS**

The Board is pleased to announce the consolidated results of the Group for the Year together with the comparative figures for the year ended 31 March 2020 as follows:

\* *For identification purposes only*

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>REVENUE</b>	5	<b>298,742</b>	286,990
Cost of sales		<u>(83,831)</u>	<u>(105,824)</u>
Gross profit		<b>214,911</b>	181,166
Other income and gains	5	<b>6,008</b>	1,803
Selling and distribution expenses		<b>(27,434)</b>	(27,189)
Administrative expenses		<b>(76,319)</b>	(74,995)
Finance costs	7	<b>(3,003)</b>	(4,118)
<b>PROFIT BEFORE INCOME TAX</b>	6	<b>114,163</b>	76,667
Income tax expense	8	<b>(32,872)</b>	(24,132)
<b>PROFIT FOR THE YEAR</b>		<b>81,291</b>	52,535
Profit/(Loss) for the year attributable to:			
Owners of the Company		<b>80,295</b>	53,641
Non-controlling interests		<b>996</b>	(1,106)
		<b>81,291</b>	52,535
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR</b>			(restated)
Basic and diluted ( <i>HK cents</i> )	10	<b>4.35</b>	5.57

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<b>81,291</b>	<b>52,535</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of foreign operations	62,289	(45,040)
Item that may not be reclassified subsequently to profit or loss: Change in fair value of equity investments at fair value through other comprehensive income	(1,593)	334
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>60,696</b>	<b>(44,706)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>141,987</b>	<b>7,829</b>
Total comprehensive income for the year attributable to:		
Owners of the Company	138,121	11,731
Non-controlling interests	3,866	(3,902)
	<b>141,987</b>	<b>7,829</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	106,926	104,377
Right-of-use assets	11	2,728	2,537
Intangible assets	11	448,228	417,703
Goodwill		13,223	12,232
Equity investments		1,073	2,666
Cemetery assets	12	225,305	218,595
Loan to non-controlling shareholder		2,658	–
Total non-current assets		<u>800,141</u>	<u>758,110</u>
<b>CURRENT ASSETS</b>			
Inventories		281,143	228,859
Trade receivables	13	1,446	1,014
Prepayments, deposits and other receivables		2,143	3,389
Loan to non-controlling shareholder		608	–
Cash and cash equivalents		255,936	77,657
Total current assets		<u>541,276</u>	<u>310,919</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	14	47,158	34,593
Other payables and accruals		7,938	5,622
Contract liabilities		23,823	23,605
Interest-bearing bank and other borrowings		39,045	49,250
Lease liabilities		1,233	1,479
Tax payables		46,086	25,390
Total current liabilities		<u>165,283</u>	<u>139,939</u>
<b>NET CURRENT ASSETS</b>		<u>375,993</u>	<u>170,980</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,176,134</u>	<u>929,090</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 March 2021*

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>90,348</b>	114,217
Contract liabilities	<b>26,376</b>	21,330
Lease liabilities	<b>806</b>	744
Deferred tax liabilities	<b>122,559</b>	112,471
	<hr/>	<hr/>
Total non-current liabilities	<b>240,089</b>	248,762
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>936,045</b>	680,328
	<hr/>	<hr/>
<b>EQUITY</b>		
Share capital	<b>222,136</b>	88,855
Reserves	<b>675,050</b>	556,480
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>897,186</b>	645,335
	<hr/>	<hr/>
Non-controlling interests	<b>38,859</b>	34,993
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>936,045</b>	680,328
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 1. BASIS OF PREPARATION

These financial statements of Anxian Yuan China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”)) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These financial statements have been prepared under historical cost convention, except for equity investments which were stated at fair value.

### 2. ADOPTION OF AMENDED HKFRSs

In the current year, the Group has applied or early adopted for the first time the following amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2020.

Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>COVID-19 Related Rent Concessions</i>

### 3. NEW OR AMENDED HKFRSs THAT HAVE BEEN ISSUED BUT NOT YET EFFECTIVE

The following amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes when they become effective for the accounting period beginning on or after 1 April 2020.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>4</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
HKFRSs 2018-2020	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023

The Group is not yet in a position to state whether these amendments will result in substantial changes to the Group's accounting policies and financial statements.

#### 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*

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
The PRC	<b>298,742</b>	286,990

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

###### (b) *Non-current assets*

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Hong Kong	<b>1,598</b>	2,839
The PRC	<b>794,812</b>	752,605
	<b>796,410</b>	755,444

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

##### Information about major customers

For the year ended 31 March 2021, no (2020: HK\$48,302,000) revenue from (2020: one) customer accounted for 10% or more of the Group's revenue.

## 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).

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue by products and services</b>		
Sales of tombs and niches	<b>269,960</b>	266,643
Management fee income	<b>3,806</b>	3,401
Burial services	<b>24,976</b>	16,946
	<b>298,742</b>	286,990
<b>Timing of revenue recognition</b>		
At point in time	<b>269,960</b>	266,643
Over time	<b>28,782</b>	20,347
	<b>298,742</b>	286,990
<b>Other income and gains</b>		
Gain on disposal of property, plant and equipment, net	<b>396</b>	155
Gain on lease modification	–	25
Government grants	<b>2,066</b>	–
Bank interest income	<b>2,429</b>	527
Imputed interest income from loan to non-controlling shareholder	<b>64</b>	–
Others	<b>1,053</b>	1,096
	<b>6,008</b>	1,803

## 6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Cost of inventories sold recognised as expense, including	<b>62,699</b>	85,655
– (Reversal of write-down)/Write-down of inventories to net realisable value	<b>(379)</b>	1,969
Cost of services provided	<b>10,101</b>	6,567
Employee benefit expense (excluding directors' and chief executives' remuneration):		
– Wages and salaries	<b>41,010</b>	40,212
Amortisation of intangible assets *	<b>3,230</b>	5,871
Amortisation of cemetery assets *	<b>7,801</b>	7,731
Auditor's remuneration	<b>860</b>	840
Depreciation:		
– Property, plant and equipment	<b>9,794</b>	9,409
– Right-of-use assets	<b>1,976</b>	2,185
Write-off of property, plant and equipment	–	306
Fair value loss on initial recognition of loan to non-controlling shareholder	<b>339</b>	–
	<b>339</b>	–

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

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Interest on lease liabilities	<b>164</b>	161
Interest on interest-bearing bank and other borrowings	<b>7,327</b>	10,006
Less: Interest capitalised	<b>(4,488)</b>	(6,049)
	<b>3,003</b>	4,118

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.24% (2020: 5.55%) per annum to the expenditure on qualifying assets.

## 8. 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 (2020: Nil).

No (2020: Nil) provision for Hong Kong profits tax has been made as the Group had no (2020: Nil) assessable profits derived from or earned in Hong Kong during the year.

Provision for the PRC current income tax is based on the statutory rate of 25% (2020: 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:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Income tax		
– Tax for the year in the PRC	<b>31,792</b>	26,421
– Under-provision in prior years	<b>142</b>	245
Deferred tax	<b>938</b>	(2,534)
	<hr/>	<hr/>
Total income tax expense for the year	<b>32,872</b>	24,132
	<hr/>	<hr/>

A reconciliation of the income tax expense applicable to profit before income tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Profit before income tax	<b>114,163</b>	76,667
	<hr/>	<hr/>
Tax at the statutory tax rate of 25% (2020: 25%)	<b>28,541</b>	19,167
Effect of withholding tax on distributable profit of the Group's PRC subsidiaries	<b>2,045</b>	2,340
Tax effect of different taxation rates in other tax jurisdictions	<b>990</b>	277
Tax effect of non-taxable income	<b>(514)</b>	(252)
Tax effect of non-deductible expenses	<b>1,717</b>	230
Tax effect of tax losses not recognised	<b>1,962</b>	3,425
Tax effect of utilisation of tax losses not previously recognised	<b>(2,011)</b>	(1,300)
Under-provision in respect of prior years	<b>142</b>	245
	<hr/>	<hr/>
Income tax expense	<b>32,872</b>	24,132
	<hr/>	<hr/>

## 9. DIVIDENDS

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Interim dividend paid in respect of current year of HK0.8 cent (2020: Nil) per share	<b>17,771</b>	–

The directors of the Company recommended a final dividend of HK1.0 cent (2020: Nil) per ordinary share in respect of the year ended 31 March 2021 which would be subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The proposed dividend is not reflected as a dividend payable in these financial statements.

At the board meeting held on 27 November 2020, the directors of the Company resolved to recommend an interim dividend of HK0.8 cent per ordinary share. The proposed interim dividend was paid as an appropriation of contributed surplus reserve of the Company during the year ended 31 March 2021.

## 10. 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 year attributable to owners of the Company over the weighted average number of ordinary shares of 1,845,212,000 (2020: 962,807,000 (restated)) in issue during the year.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for both years have been adjusted for the Rights Issue completed on 30 July 2020.

There was no potential dilutive ordinary shares outstanding during the years ended 31 March 2021 and 2020 and hence the diluted earnings per share is the same as basic earnings per share.

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

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	<b>80,295</b>	53,641
	<b>Number of shares 2021 (<i>'000</i>)</b>	Number of shares 2020 ( <i>'000</i> ) (restated)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in basic and diluted earnings per share calculation	<b>1,845,212</b>	962,807

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

During the year, the Group acquired items of property, plant and equipment with a cost of HK\$4,436,000 (2020: HK\$6,722,000). Items of property, plant and equipment with a net carrying value of HK\$178,000 (2020: HK\$402,000) were disposed of during the year, resulting in a gain on disposal of HK\$396,000 (2020: HK\$155,000). Items of property, plant and equipment with a net carrying value of Nil (2020: HK\$306,000) were written off during the year.

No (2020: an aggregate net carrying amount of HK\$16,712,000) properties under property, plant and equipment were pledged for certain interest-bearing bank and other borrowings at the end of the reporting period.

In addition, the Group has entered into new lease agreements and renewed some lease agreements during the year. Right-of-use assets amounted to HK\$1,626,000 (2020: HK\$1,686,000) and HK\$453,000 (2020: Nil) has been recognised for the year respectively.

No (2020: Nil) additions to intangible assets was made during the year.

## 12. CEMETERY ASSETS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Land costs	20,135	19,996
Landscape facilities	205,170	198,599
	<u>225,305</u>	<u>218,595</u>

## 13. TRADE RECEIVABLES

Ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, if any, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 60 days	612	271
61 - 180 days	31	–
Over 1 year	803	743
	<u>1,446</u>	<u>1,014</u>

## 14. TRADE PAYABLES

Ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 90 days	40,798	29,893
91 to 180 days	1,066	2
181 to 365 days	10	2,012
Over 1 year	5,284	2,686
	<u>47,158</u>	<u>34,593</u>

## 15. 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 year.

### (a) Other transactions with related parties

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Consultancy fee to non-controlling shareholder in which one of the executive directors has control ( <i>notes (i) and (iii)</i> )	–	1,037
Consultancy fee to a related company in which one of the executive directors has control ( <i>notes (i) and (iii)</i> )	2,748	1,687
Payment to non-controlling shareholder to acquire the 1.62% equity interests of Zhejiang Anxian Yuan Company Limited ( <i>note (i)</i> )	–	6,652
Interest expense to a related company in which one of the executive directors has control ( <i>note (ii)</i> )	–	531
	<hr/>	<hr/>

#### 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 was not secured by any asset of the Group and as the directors of the Company considered that the borrowing was on normal commercial terms or better, the borrowing was fully exempted from the shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.
- (iii) These transactions related to consultancy fee paid to a non-controlling shareholder of a subsidiary of the Group and one of the executive directors has control on this subsidiary, it became a related party in which one of the executive directors still has control but no longer a non-controlling shareholder to the Group, resulted by the acquisition of additional 1.62% equity interests of this subsidiary by the Group on 15 August 2019. During the year ended 31 March 2021, the balance of consultancy fee payable approximately of HK\$30,000 (2020: HK\$27,000) was included in other payable.

### (b) Compensation of key management personnel of the Group

The directors of the Company 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

The Group is one of the earliest service providers in funeral and burial industry in the PRC. With an unwavering faith and commitment to excellence, it always provides quality, individualised funeral and burial services to each customer.

During the Year under review, under the leadership of the Board, the Group made concerted efforts to fight against the pandemic, whilst remained true to its original aspiration. The Group deeply understood and grasped the spirit of the Fifth Plenary Session, comprehensively fortified the management of the Group's individual projects, actively promoted the optimisation of service system, pressed ahead the reform as to ways of service, and enhanced the level of funeral and burial services, all contributing to a boost of senses of happiness and gain for every customer. In terms of performance, with Zhejiang Anxian Yuan as the core project, the Group's project companies maintained a good momentum of steady development and a stable layout, and planned to develop each project into a model cemetery locally. The Group will continue to explore innovation and extension based on two major products of "funeral" and "burial" in order to meet the diversified service needs of customers.

As one of the pioneers in the funeral and burial industry in the PRC, the Group closely followed national policies, adapted to industry changes, and ardently carried out green ecological funeral and burial. With the objectives of "land-saving ecological burial, benefiting and good for the people, stylish choices by making peace with ancestors in Anxian", the Group integrated various public welfare activities with its brand building. In the meantime, it has always been committed to undertaking social responsibilities and maintaining the traditional values and cultural heritage of China, and has proactively integrated the construction of cultural facilities with distinctive regional characteristics, such as cultures of tradition, red, and life to form a unique brand full of funeral and burial culture – "Excellent Chinese cultural heritage, inheriting red genes, and the unyielding spirit of the Chinese nation".

Looking ahead, the Group will continue to advocate and practise the business philosophy of "people-oriented, rooted in culture, with science as guidelines, and service provision as missions". With persistence in green funeral and burial as its core and forging ahead the progress of modernised, ecological and humanistic reformation of the Chinese funerals and burials, the Group will strive to build a benchmark for the Chinese funeral and burial enterprises, and to double harvest of benefits and brand prosperity.

## FINANCIAL REVIEW

For the Year, the Group recorded net profit of approximately HK\$81.3 million (2020: approximately HK\$52.5 million) and revenue of approximately HK\$298.7 million (2020: approximately HK\$287.0 million). The Group's earnings before interest and tax was approximately HK\$117.2 million (2020: approximately HK\$80.8 million). Increase in the Group's net profit by approximately HK\$28.8 million year-on-year was mainly due to:

- (i) the Group recorded an increase in gross profit by approximately HK\$33.7 million year-on-year. Such increase was primarily due to the sales of new types of tombs in several high-end cemeteries with higher selling price and better cost control of new types of tombs during the year.
- (ii) the Group recorded an increase in other income by approximately HK\$4.2 million year-on-year. Such increase was primarily due to (a) increase in bank interest income due to more bank balances held by the Group; and (b) increase in government grants.
- (iii) the Group recorded a decrease in finance costs by approximately HK\$1.1 million year-on-year. Such decrease was primarily due to the repayment of bank borrowings during the year.

Of the total revenue of approximately HK\$298.7 million (2020: approximately HK\$287.0 million), sales of tombs and niches amounted to approximately HK\$270.0 million (2020: approximately HK\$266.6 million).

Total assets and net assets of the Group as at 31 March 2021 were approximately HK\$1,341.4 million (2020: approximately HK\$1,069.0 million) and approximately HK\$936.0 million (2020: approximately HK\$680.3 million) respectively. The increase in net assets was mainly due to increase in net profit, appreciation of RMB against HK\$ and the completion of Rights Issue.

## ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

### Memorandum of understanding

On 14 March 2020, Anxian Yuan Zhejiang and the shareholders of 阜陽市天壽園陵園管理有限公司 (Fuyang Tianshouyuan Cemetery Management Co., Ltd.\*) entered into a non-legally binding memorandum of understanding (“MOU”) in relation to possible investment by Anxian Yuan Zhejiang in Fuyang Tianshouyuan by way of capital injection and its development of a commercial cemetery (經營性公墓), subject to the entering into of the formal agreement. On 18 September 2020, the Board announced that the formal agreement was not entered into between Anxian Yuan Zhejiang and the shareholders of Fuyang Tianshouyuan by 13 September 2020, as they were unable to reach an agreement on the terms of the formal agreement after negotiations in good faith during such period. Accordingly, the MOU has lapsed on 13 September 2020 and the parties thereto will no longer pursue the investment in Fuyang Tianshouyuan. The Board considers that the termination of the MOU will not have any material adverse impact on the business operation and financial position of the Group.

As disclosed in the letter from the Board contained in the Company’s circular dated 29 April 2020, in the event that the investment under the MOU does not materialise, the Company intends to utilise the net proceeds from the Rights Issue originally allocated for the First Phase Investment for other similar investment opportunity(ies). The Company is currently studying and in discussion on certain potential strategic investment opportunities and will make further announcement(s) to update the Shareholders with details of these investments as and when appropriate pursuant to the requirements of the Listing Rules.

Further details of the MOU were set out in the Company’s announcements dated 25 March 2020 and 18 September 2020, Company’s circular dated 29 April 2020 and Company’s prospectus dated 8 July 2020.

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

## RIGHTS ISSUE

### Rights Issue

On 25 March 2020, the Company announced that the Board 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, on the basis of three rights share for every two Shares in issue, at the subscription price of HK\$0.1 per rights share. The net proceeds from the Rights Issue was approximately HK\$131.5 million. As per the Company’s announcement dated 18 September 2020, the Group intends to apply (i) approximately 62.0% or HK\$81.6 million of the net proceeds from the Rights Issue to the potential strategic investment opportunity(ies); (ii) approximately 22.0% or HK\$28.9 million of the net proceeds from the Rights Issue for repayment of existing debts and payables; and (iii) approximately 16.0% or HK\$21.1 million of the net proceeds from the Rights Issue for general working capital.

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, Company’s circular dated 29 April 2020 and Company’s prospectus dated 8 July 2020 (collectively “Rights Issue Announcements”).

Due to the completion of the Rights Issue on 30 July 2020, the total number of issued ordinary Shares of the Company was 2,221,363,150 Shares (31 March 2020: 888,545,260 Shares) as at 31 March 2021.

### Use of proceeds from Rights Issue

An analysis of the intended use of net proceeds as stated in the Rights Issue Announcements, the actual use of net proceeds up to 31 March 2021, the remaining balance of unutilised net proceeds as at 31 March 2021 and at the date of this announcement and the expected timeline for utilising the remaining unutilised net proceeds are set out as below.

	Intended use of net proceeds as stated in the Rights Issue Announcements <i>HK\$’000</i>	Actual use of net proceeds up to 31 March 2021 <i>HK\$’000</i>	Remaining balance of unutilised net proceeds as at 31 March 2021 <i>HK\$’000</i>	Remaining balance of unutilised net proceeds as at the date of this announcement <i>HK\$’000</i>
Investment opportunity(ies)	81,490	–	81,490	81,490
Repayment of existing debts and payables	28,891	21,591	7,300	–
General working capital	21,120	21,120	–	–
	<u>131,501</u>	<u>42,711</u>	<u>88,790</u>	<u>81,490</u>

The remaining balance of unutilised net proceeds of approximately HK\$81,490,000 and HK\$7,300,000 as at 31 March 2021 is expected to be utilised for the potential strategic investment opportunity(ies) as set out in the Company's announcement dated 18 September 2020 and for repayment of existing debts and payables by April 2021 according to the intentions previously disclosed in the Rights Issue Announcements respectively.

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 Announcements.

## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY & LISTED SECURITIES**

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

### **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 the Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year. No incident of non-compliance was noted by the Company during the Year.

### **CORPORATE GOVERNANCE PRACTICES**

The Company's corporate governance practices are based on the principles and code provisions are set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules. The Directors are of the view that the Company has been in compliance with the Code throughout the Year, except for the deviation from code provisions A.1.1 and A.6.7 of the Code as specified with considered reasons for such deviations as explained below. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

#### **Compliance with Code on Corporate Governance Practices**

During the Year, the Board has adopted and complied with the code provisions of the Code in so far as they are applicable except for the following deviations.

#### ***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 Year, only two regular board meetings were held to review and discuss the annual and interim results. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary.

### ***Code provision A.6.7 of the Code***

Code provision A.6.7 of the Code provides that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the company. Due to other pre-arranged business commitments and the circumstance under the COVID-19 outbreak, Mr. Shi Hua and Mr. Shi Jun, being Executive Director, Mr. Wang Hongjie, being Non-executive Director, and Mr. Yao Hong, being former Independent Non-Executive Director, were unable to attend the special general meeting of the Company held on 28 May 2020.

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.

### ***Corporate Governance Structure***

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are 3 board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

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

Following the resignation of Mr. Yao Hong, the Board was comprised of six (6) members with three (3) executive Directors, one (1) non-executive Director and two (2) independent non-executive Directors and the audit committee of the Company consisted of two (2) members. The Company failed 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 failed to fulfill 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 21 July 2020, a suitable candidate is appointed as soon as practicable and, in any event, within the three-month period from 21 July 2020 pursuant to Rules 3.11 and 3.23 of the Listing Rules.

As disclosed in the Company's announcement on 16 October 2020, Ms. Hung Wan Fong, Joanne 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 19 October 2020.

Upon the appointment of Ms. Hung Wan Fong, Joanne with effect from 19 October 2020, the Company have fulfilled the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

## **FINAL DIVIDEND**

The Board has recommended the declaration of a final dividend of HK1.0 cent per share for the year ended 31 March 2021 (2020: Nil) to the Shareholders. The proposed final dividend is subject to approval by the Shareholders at AGM to be held on Friday, 24 September 2021. Upon Shareholders' approval, the proposed final dividend will be paid on Tuesday, 12 October 2021 to the Shareholders whose names shall appear on the register of members of the Company on Thursday, 30 September 2021.

Together with the interim dividend of HK0.8 cent per share (2020: Nil) which was declared and paid by the Company on 13 January 2021, the total dividend for the year ended 31 March 2021 will amount to HK1.8 cents per share (2020: Nil).

## **CLOSURE OF REGISTERS OF MEMBERS**

The proposed final dividend is subject to the passing of an ordinary resolution by the Shareholders at the forthcoming AGM which to be held on Friday, 24 September 2021. The registers of members of the Company will be closed on Thursday, 30 September 2021 for the purpose of determining the entitlement of the Shareholders to the proposed final dividend and no transfer of shares will be effected on that date.

In order to qualify for the proposed final 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Wednesday, 29 September 2021.

## **AUDIT COMMITTEE**

The Audit Committee, comprising all the three Independent Non-executive Directors, has reviewed with management of the Company the principal accounting policies adopted by the Group and discussed the risk management and internal control and financial reporting matters, including a review of the audited consolidated financial statements, for the Year.

## **SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.anxianyuanchina.com](http://www.anxianyuanchina.com)), respectively. The annual report of the Company for the year ended 31 March 2021 containing all the information required under the Listing Rules will be dispatched to the Shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**ANXIAN YUAN CHINA HOLDINGS LIMITED**  
**SHI HUA**  
*Chairman*

Hong Kong, 21 June 2021

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Shi Hua, Mr. Shi Jun and Mr. Law Fei Shing; non-executive director, namely Mr. Wang Hongjie; and three independent non-executive directors, namely Mr. Chan Koon Yung, Mr. Lum Pak Sum and Ms. Hung Wan Fung, Joanne.*

## GLOSSARY

In this announcement of annual result (other than the financial statements from pages 2 to 14), the following expressions shall have the following meanings unless the context otherwise requires:

AGM	annual general meeting
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
Audit Committee	the audit committee of the Company
Board	the board of Directors
Bye-laws	the bye-laws of the Company, as amended from time to time
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
Hangzhou Fuyixian	杭州富亦賢科技有限公司 (in English, for identification purposes, Hangzhou Fuyixian Technology Company Limited), a limited liability company established under the laws of the PRC

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
Nomination Committee	the nomination committee of the Company
Non-executive Director(s)	the non-executive Director(s)
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
Remuneration Committee	the remuneration committee of the Company
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SGM	Special general meeting of the Company
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
Year	the year ended 31 March 2021

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