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

(formerly known as China Boon Holdings Limited 中福控股發展有限公司*)

(incorporated in Bermuda with limited liability)

(Stock Code: 0922)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	4	**157,284**	127,405
Cost of sales		**(94,650)**	(57,772)
Gross profit		**62,634**	69,633
Other income	4	**8,657**	8,979
Selling expenses		**(18,044)**	(16,180)
Administrative expenses		**(35,431)**	(38,328)
Impairment loss on other receivables		**–**	(7,317)
Loss on disposals of subsidiaries		**–**	(10,379)
Finance costs		**(6,882)**	(1,507)
Profit before income tax	5	**10,934**	4,901
Income tax expense	6	**(4,932)**	(9,280)
Profit/(Loss) for the year		**6,002**	(4,379)

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the year ended 31 March 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gains on translation of financial statements of foreign operations		**8,328**	1,662
Release of exchange reserve upon disposals of subsidiaries		**–**	(2,935)
Settlement of available-for-sale financial assets		**–**	(2,731)
Other comprehensive income/(loss) for the year, net of tax		**8,328**	(4,004)
Total comprehensive income/(loss) for the year		**14,330**	(8,383)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**5,719**	(20,088)
Non-controlling interests		**283**	15,709
		6,002	(4,379)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**13,913**	(24,069)
Non-controlling interests		**417**	15,686
		14,330	(8,383)
Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company during the year	*7*		
Basic *(HK cent)*		**0.09**	(0.71)
Diluted *(HK cent)*		**0.09**	(0.71)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**6,667**	6,984
Investment properties		**1,556**	1,850
Intangible assets	*8*	**394,009**	390,581
Deferred expenditure	*9*	**71,150**	74,477
		473,382	473,892
Current assets			
Development and formation costs	*10*	**105,550**	140,758
Inventories		**8,963**	7,983
Trade receivables	*11*	**125,404**	72,068
Prepayments, deposits and other receivables	*12*	**25,475**	46,514
Pledged deposits		**21,436**	37,148
Cash and bank balances		**10,703**	17,200
		297,531	321,671
Current liabilities			
Trade payables	*13*	**2,130**	22,451
Other payables, accruals, deposits received and receipts in advance		**46,602**	30,441
Bank borrowings		**102,137**	133,735
Amount due to directors		**6,500**	–
Amounts due to non-controlling interests		**1,144**	1,123
Tax payables		**34,201**	32,494
		192,714	220,244
Net current assets		**104,817**	101,427
Total assets less current liabilities		**578,199**	575,319

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Promissory notes	*14*	**12,074**	30,144
Receipts in advance		**11,431**	7,415
Deferred tax liabilities		**98,792**	97,449
		122,297	135,008
Net assets		**455,902**	440,311
EQUITY			
Share capital		**444,062**	312,062
Reserves		**3,541**	121,628
Equity attributable to owners of the Company		**447,603**	433,690
Non-controlling interests		**8,299**	6,621
Total equity		**455,902**	440,311

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs. The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The consolidated financial statements have been prepared under historical cost convention.

2. ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of new or amended HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "New 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 2013:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 19 (2011)	Employee Benefits

Other than as noted below, the adoption of the New HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis. The title used by HKAS 1 for the statement of comprehensive income has changed to "Statement of profit or loss and other comprehensive income".

The Group has applied the new terminology to rename "statement of comprehensive income" as "statement of profit or loss and other comprehensive income" and made disclosures in the other comprehensive income section such that items of other comprehensive income may be recycled subsequently to profit or loss is disclosed. The Group has adopted the amendments retrospectively for the year ended 31 March 2013. The comparative information has been restated to comply with the amendments.

As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 affects only disclosure, there is no effect on the Group's financial position and performance. This standard has no material impact on the Group's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance.

(b) New or amended HKFRSs that have been issued but are not yet effective

At the date of approval of these financial statements, certain new or amended HKFRSs have been issued but are not yet effective, and have not been early adopted by the Group for the year ended 31 March 2014.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

This standard is effective for accounting periods beginning on or after 1 January 2014. The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

3. SEGMENT INFORMATION

The Group identifies its operating segments and prepares segment information based on the regular internal financial information reported to the Group's management for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to the Group's management are determined following the Group's major product and service lines. For the years ended 31 March 2014 and 2013, the Group has one single business segment, namely Cemetery Business.

Information on the Group's Cemetery Business segment provided to the Executive Directors is set out below:

	2014	2013
	HK$'000	*HK$'000*
From external customers		
Reportable segment revenue	**157,284**	127,405
Reportable segment profit	**11,123**	28,140
Interest income	**1,323**	709
Imputed interest expense	**(182)**	(42)
Depreciation	**(1,954)**	(2,563)
Amortisation of intangible assets	**(3,728)**	(3,168)
Amortisation of deferred expenditure	**(4,688)**	(4,387)
Income tax expense	**(4,604)**	(7,339)
Reportable segment assets	**769,617**	761,189
Additions to non-current segment assets	**1,854**	101
Reportable segment liabilities	**(292,597)**	(322,077)

The total presented for the Group's operating segment reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2014	2013
	HK$'000	*HK$'000*
Reportable segment revenue	**157,284**	127,405
Reportable segment profit	**11,123**	28,140
Settlement of available-for-sale financial assets	**–**	2,731
Finance costs	**(6,700)**	(1,465)
Write back of impairment loss on other receivables	**7,317**	5,533
Impairment loss on other receivables	**–**	(7,317)
Legal and professional fees	**(1,469)**	(3,138)
Employee benefit expenses	**(3,994)**	(4,777)
Operating lease charges	**(1,066)**	(4,396)
Loss on disposals of subsidiaries	**–**	(10,379)
Other unallocated corporate income and expenses	**791**	(9,311)
Profit/(Loss) for the year	**6,002**	(4,379)
Reportable segment assets	**769,617**	761,189
Property, plant and equipment	**723**	1,048
Prepayments, deposits and other receivables	**271**	25,361
Cash and bank balances	**302**	7,453
Other unallocated corporate assets	**–**	512
Group assets	**770,913**	795,563
Reportable segment liabilities	**292,597**	322,077
Promissory notes	**12,074**	30,144
Amount due to directors	**6,500**	–
Other unallocated corporate liabilities	**3,840**	3,031
Group liabilities	**315,011**	355,252

For the years ended 31 March 2014 and 2013, the Group's revenue from external customers is all derived in the PRC where the services were provided or the goods were delivered.

Revenue from the major customers is as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**63,153**	–
Customer B	**16,421**	58,470
	79,574	58,470

The Group's non-current assets are all divided into the following geographical areas, which are based on the physical location of these assets. The Company is an investment holding company where the Group has majority of its corporate decision making in Hong Kong, and therefore, Hong Kong is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

Non-current assets:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong (domicile)	**723**	1,048
The PRC	**472,659**	472,844
Total	**473,382**	473,892

4. REVENUE AND OTHER INCOME

Revenue from the Group's principal activities and other income recognised during the year is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sales of tombs and niches	**156,260**	126,670
Management fee income	**1,024**	735
	157,284	127,405
Other income		
Interest income on financial assets stated at amortised cost	**1,323**	715
Write back of impairment loss on other receivables *(note 12)*	**7,317**	5,533
Settlement of available-for-sale financial assets *(note)*	**–**	2,731
Gain on disposals of property, plant and equipment	**3**	–
Sundry income	**14**	–
	8,657	8,979

Note: Available-for-sale financial assets represented the contingent consideration receivable on profit guarantee in relation to the acquisition of 41.2% equity interests in Zhejiang Anxian Yuan carried forward in previous years. The balance was fully settled and re-classified to other income during the year ended 31 March 2013.

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2014 *HK$'000*	2013 *HK$'000*
Amortisation of intangible assets	**3,728**	3,168
Amortisation of deferred expenditure	**4,688**	4,387
Auditor's remuneration	**580**	520
Cost of inventories recognised as an expense	**86,234**	49,937
Depreciation		
– Property, plant and equipment	**2,279**	3,024
– Investment properties	**327**	319
Exchange losses, net	**3**	570
Impairment loss on other receivables *(note 12(b))*	**–**	7,317
Loss on disposals of subsidiaries	**–**	10,379
Operating lease charges in respect of premises	**2,520**	4,993

6. INCOME TAX EXPENSE

	2014 *HK$'000*	2013 *HK$'000*
Current tax – the PRC		
Charged for the year	**5,334**	8,128
Deferred tax		
Charged for the year	**333**	2,089
Credited for the year	**(1,389)**	(937)
Withholding tax on undistributed profit of foreign subsidiaries	**654**	–
	4,932	9,280

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years.

The subsidiaries established in the PRC are subject to income taxes at tax rate of 25%.

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	2014 *HK$'000*	2013 *HK$'000*
Profit before income tax for the year	**10,934**	4,901
Income tax at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	**1,804**	809
Tax effect of different taxation rate in other tax jurisdiction	**1,379**	2,490
Tax effect of non-taxable income	**(1,207)**	(4,117)
Tax effect of non-deductible expenses	**58**	5,703
Tax effect of temporary differences	**371**	1,264
Tax effect of unused tax loss not recognised	**2,527**	3,131
Income tax expense	**4,932**	9,280

7. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings/(Loss)	2014 *HK$'000*	2013 *HK$'000*
Earnings/(Loss) for the purposes of basic and diluted earnings/(loss) per share	**5,719**	(20,088)
Number of shares	**('000)**	('000)
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**6,420,623**	2,840,075
Effect of dilutive potential ordinary shares:		
– Share options	**65,638**	–
Weighted average number of ordinary shares for the purposes of diluted per share	**6,486,261**	2,840,075

For the year ended 31 March 2013, diluted loss per share for loss attributable to the owners of the Company was the same as basic loss per share because the impact of the exercise of the share options was anti-dilutive.

8. INTANGIBLE ASSETS

	Allocated land and cemetery operating licence 2014 *HK$'000*	2013 *HK$'000*
At 1 April		
Cost	**398,649**	397,143
Accumulated amortisation	**(8,068)**	(4,862)
Net carrying amount	**390,581**	392,281
During the year		
Opening net carrying amount	**390,581**	392,281
Amortisation	**(3,728)**	(3,168)
Exchange realignment	**7,156**	1,468
Closing net carrying amount	**394,009**	390,581
At 31 March		
Cost	**405,947**	398,649
Accumulated amortisation	**(11,938)**	(8,068)
Net carrying amount	**394,009**	390,581

Intangible assets represented the land use rights allocated by the PRC government and the cemetery licence. The fair value was determined by a firm of independent professional qualified surveyor, LCH (Asia-Pacific) Surveyors Limited ("LCH"), by using the Multi-Period Excess Earnings Methods at acquisition date. The Directors have reviewed and adopted the techniques used by LCH for initial measurement of the intangible assets. In the opinion of the Directors, the objective of LCH's valuation is to estimate fair value which reflects the current transactions and practices in the industry to which the asset belongs.

9. DEFERRED EXPENDITURE

	2014	2013
	HK$'000	*HK$'000*
At 1 April		
Cost	**92,011**	91,664
Accumulated amortisation	**(17,534)**	(13,064)
Net carrying amount	**74,477**	78,600
During the year		
Opening net carrying amount	**74,477**	78,600
Amortisation	**(4,688)**	(4,387)
Exchange realignment	**1,361**	264
Closing net carrying amount	**71,150**	74,477
At 31 March		
Cost	**93,696**	92,011
Accumulated amortisation	**(22,546)**	(17,534)
Net carrying amount	**71,150**	74,477

10. DEVELOPMENT AND FORMATION COSTS

	2014	2013
	HK$'000	*HK$'000*
Development and formation costs		
– Columbarium niches	**–**	47,528
– Tombs	**105,550**	93,230
	105,550	140,758

As at 31 March 2014, development and formation costs of approximately HK$95,645,000 (2013: HK$81,566,000) are expected to be recovered more than one year.

11. TRADE RECEIVABLES

Trade receivables generally have credit terms of 30 to 365 days (2013: 30 to 90 days). No interest is charged to the Group's customers. The Group has a credit policy in place, and exposures are monitored and overdue balances are reviewed by senior management on an ongoing basis.

Based on the invoice dates, ageing analysis of trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 60 days	**77,236**	–
91 to 120 days	**–**	61,171
Over 365 days	**48,168**	10,897
	125,404	72,068

The Directors consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Ageing analysis of trade receivables past due but not impaired is as follows:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**77,236**	–
31 – 365 days past due	**–**	61,171
Over 365 days past due	**48,168**	10,897
	48,168	72,068
	125,404	72,068

As at 31 March 2014, trade receivables of HK$68,661,000 (2013: HK$72,068,000) related to a customer with good and reliable credit rating. The remaining balance of HK$56,743,000 (2013: Nil) related to a new customer with repayment schedule. Management believes that no impairment allowance is necessary in respect of these balances as the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of these balances.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Prepayments	**19,203**	20,562
Other receivables *(note)*	**6,008**	25,646
Deposits paid	**264**	306
	25,475	46,514

Note:

	2014	2013
	HK$'000	*HK$'000*
Other receivables	**80,475**	107,430
Less: Provision for impairment loss	**(74,467)**	(81,784)
Other receivables, net	**6,008**	25,646

As at 31 March 2014, included in the Group's other receivables (before provision for impairment loss) are receivable from Mr. Fu Yuan Ji ("Mr. Fu") of HK$74,467,000 (2013: HK$74,467,000) (see note (a) below).

The balance as at 31 March 2013 also included receivable (before provision for impairment loss) from the independent third parties ("Chongqing Vendors") of approximately HK$7,317,000 which has been subsequently recovered during the year ended 31 March 2014 (see note (b) below) and receivable arising from the disposals of subsidiaries in February 2013 of HK$25,000,000 which has been subsequently received during the year ended 31 March 2014 (see note (c) below).

(a) In October 2009, a refundable deposit of HK$80,000,000 was paid to an independent third party, Mr. Fu by the Company's subsidiary, Sino Grandeur Limited ("Sino Grandeur"), in respect of the original agreement dated 13 October 2009, entered into with Mr. Fu to acquire the entire equity interests in Topace Investments Limited (together with its subsidiaries collectively referred to as the "Topace Group") for a consideration of HK$2,000,000,000. Details of this potential investment are set out in the Company's circulars dated 24 December 2009 and 15 February 2011. As announced by the Company on 1 December 2011, as the conditions precedent of this potential investment were not satisfied by 30 November 2011, the related agreement was lapsed on 1 December 2011 and the refundable deposit of HK$80,000,000 was re-classified to other receivable from 1 December 2011. In the opinion of the Directors, the recoverability of such amount would take a long period of time and it was estimated that its recoverability was remote. Accordingly, full provision was made during the year ended 31 March 2012.

On 14 May 2012, Sino Grandeur instituted legal proceedings in Hong Kong against Mr. Fu to claim refundable deposit of HK$80,000,000. On 29 June 2012, Sino Grandeur and Mr. Fu reached an agreement pursuant to which Mr. Fu agreed to repay HK$80,000,000 together with interests accrued thereon by way of 16 quarterly instalments with the first instalment to be paid on or before 30 September 2012 and the last instalment to be paid on or before 30 June 2016. Details are set out in the Company's announcements dated 15 May 2012 and 9 July 2012. During the year ended 31 March 2013, the first instalment of HK$5,533,000 was settled and the corresponding provision for impairment loss was written back as other income (note 4) accordingly. In the opinion of the Board and in view that only the first instalment was settled, the recoverability of the remaining balance of HK$74,467,000 remained remote and full impairment loss provision was maintained as at 31 March 2014.

(b) On 30 September 2011, the Company entered into an agreement with Chongqing Vendors to acquire a limited liability company in the PRC (the "Project Company"), which is principally engaged in cemetery development and operation in Chongqing, the PRC. Details of this potential acquisition are set out in the Company's announcements dated 13 October 2011 and 31 January 2012. Pursuant to the agreement, a refundable deposit of RMB6,000,000 (equivalent to approximately HK$7,317,000) was paid to the Chongqing Vendors during the year ended 31 March 2012. After the execution of the agreement, the Company commenced due diligence investigation on the assets, liabilities, businesses, prospects and other affairs of the Project Company. Having reviewed the results of the due diligence investigation and evaluated the benefits expected to be brought by the acquisition, the Board decided not to proceed the acquisition and the deposit of RMB6,000,000 was required to be returned to the Company and was re-classified to other receivable as at 31 March 2013. In the opinion of the Directors, the recoverability of such amount would take a long period of time and it was estimated that its recoverability was remote. Accordingly, full provision was made during the year ended 31 March 2013.

    During the year, total refundable deposit of RMB6,000,000 was received and hence provision for impairment loss of RMB6,000,000 (equivalent to approximately HK$7,317,000) was written back as other income during the year (note 4) accordingly.

(c) On 26 February 2013, the Group disposed of two wholly-owned subsidiaries, namely Peaceful International Holdings Limited ("Peaceful") and 中寧企業管理服務(上海)有限公司 Sino Peace Enterprise Management & Service (Shanghai) Limited ("Sino Peace") to an independent third party at a cash consideration of HK$30,000,000. An amount of HK$5,000,000 was received before 31 March 2013 whilst the remaining amount of HK$25,000,000 has been received during the year.

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

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

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

Movements in the provision for impairment loss on other receivables are as follows:

	2014	2013
	HK$'000	*HK$'000*
At 1 April	**81,784**	80,000
Provision for impairment loss	**–**	7,317
Reversal of provision for impairment loss	**(7,317)**	(5,533)
At 31 March	**74,467**	81,784

13. TRADE PAYABLES

The Group was granted by its suppliers oral credit periods ranging between 90 days to 3 years (2013: 90 days to 3 years). Based on the invoice dates, ageing analysis of trade payables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**1,531**	868
91 to 180 days	**–**	912
181 to 365 days	**–**	3,952
Over 1 year	**599**	16,719
	2,130	22,451

The Directors consider that the carrying amount of trade payables is a reasonable approximation of their fair value.

14. PROMISSORY NOTES

On 7 January 2013, the Company issued the promissory notes ("PN") with principal amount of HK$50,000,000 as part of the consideration for the Group's acquisition of the entire issued share capital of Jia Yuan Trading Limited ("Jia Yuan"), which through Hirise Corporation Limited ("Hirise"), indirectly holds 47.38% equity interests in Zhejiang Anxian Yuan. The PN has a maturity of 36 months from the date of issue and bear simple interest at a rate of 2% per annum.

The fair value of the PN is calculated based on the principal amount and simple interest of the PN and discounted at the effective interest rate of 7.84% per annum for the period before its maturity. The valuation of the PN as at the date of its issue was carried out by LCH, using discounted cash flow approach by applying an appropriate discount rate on the estimated future cash outflows on repayment of the PN. The discount rate is derived from market risk-free rate and risk premium specific to the Company with reference to market sources. The fair value of the PN is recorded as financial liabilities stated at amortised cost in accordance with HKAS 39.

At the sole discretion of the Company, the PN can be repaid earlier, and no interest will be incurred if the PN are fully repaid prior to its maturity date. The early repayment option of the PN is regarded as an embedded derivative not closely related to the host contract (the PN). It shall be separately accounted for as a financial instrument at fair value through profit or loss. The Directors of the Company consider that the fair value of the early repayment option was insignificant on initial recognition and as at the reporting date.

During the year, the Company repaid part of the PN amounting to HK$22,000,000 (2013: HK$15,000,000). Movements of the PN are set out as follows:

	2014	2013
	HK$'000	*HK$'000*
At 1 April	**30,144**	–
Fair value of PN at the date of issue	**–**	44,580
Early repayments	**(22,000)**	(15,000)
Interest expenses	**3,930**	564
As at 31 March	**12,074**	30,144

15. CONVERTIBLE NOTES

On 7 January 2013, the Company issued the convertible notes ("CN") with a principal amount of HK$330,000,000 as part of the consideration for the Group's acquisition of the entire issued share capital of Jia Yuan, which through Hirise, indirectly holds 47.38% equity interests in Zhejiang Anxian Yuan.

The CN are unsecured, non-interest bearing and will mature on the 5th anniversary of the date of issue of the CN (the "Maturity Date"). The conversion price, subject to the anti-dilution adjustments, is HK$0.10 per conversion share. The CN can be converted in whole or in part into conversion shares at any time following the date of issue until one working day prior to the Maturity Date. Any CN which remain outstanding on the Maturity Date shall be converted automatically into the conversion shares unless such conversion will result in (1) a holder of the CN and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in 29% or more of the entire issued shares of the Company or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Merger as being the level for triggering a mandatory general offer, whichever is lower, or (2) the Company will be in breach of the minimum public float requirement under the Listing Rules. In such events, the maturity date of the CN will be extended for further 5 years. Any CN which remain outstanding on the extended maturity date shall be converted automatically into the conversion shares. All outstanding CN which are not converted thereafter will be cancelled by the Company and fully waived without any cost or will not be converted into the debt of the Company. Holders of the CN will have no right to redeem and the Company has no obligation to repay the outstanding amount.

The CN are accounted for as an equity instrument in accordance with HKAS 32 as the entire number of the CN must be converted into conversion shares on or before the Maturity Date or the extended maturity date of this CN, assuming that anti-dilution adjustment clauses in the CN are not breached the fixed-for-fixed rule in HKAS 32. The fair value of the CN at the date of its issue was carried out by LCH. The CN were priced as prepaid forward, an arrangement in which one can pay for the stock today and receive the stock at an agreed-upon date. Generally, the price of a prepaid forward is equal to the spot asset price. In valuing the CN, adjustment has been made for the dilution effect of the issue of the CN.

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

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

16. EVENTS AFTER THE REPORTING DATE

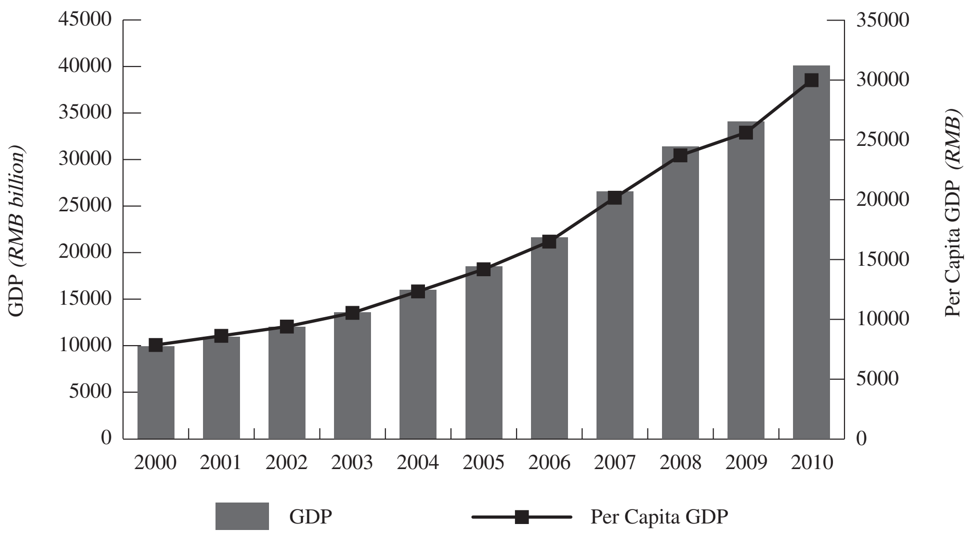
On 8 May 2014, Shanghai Anxian Yuan entered into an investment agreement with two independent third parties in relation to the establishment of a sino-foreign equity joint venture 貴州盤縣安賢園藝術陵園有限責任公司 (in English, for identification purpose only, Guizhou Pan County Anxian Yuan Cemetery Arts Company Limited) ("Guizhou Anxian Yuan"), which will be principally engaged in the operation and management of cemeteries and the provision of funeral services in the PRC.

According to the investment agreement, registered capital of Guizhou Anxian Yuan will be RMB10,000,000, which is to be 51% owned by Shanghai Anxian Yuan and 49% owned by two independent third parties. The Group's contribution to Guizhou Anxian Yuan will be by way of cash. Details are set out in the Company's announcement dated 15 May 2014.

CEMETERY INDUSTRY IN THE PRC

The nominal Gross Domestic Product ("GDP") of the PRC increased from approximately RMB9,921.4 billion in 2000 to approximately RMB40,120.2 billion in 2010 with a compound average growth rate ("CAGR") of approximately 15.0%. The chart below illustrates the GDP and GDP per capita for PRC during the period from 2000 to 2010.

GDP Per Capita of the PRC



Source: China Statistical Yearbook 2011

The population of the PRC increased from approximately 1.27 billion in 2000 to approximately 1.34 billion in 2010, representing an increase of CAGR of approximately 0.54%. According to the China Statistical Yearbook 2011, the population over the age of 65 in the PRC was approximately 6.96% and 8.87% of the total population of the PRC for 2000 and 2010 respectively. The mortality rate of the PRC for 2000 and 2010 were 0.645% and 0.711% respectively. The total population, population over the age of 65 and the mortality rates of the PRC for 2010 are shown in the table below:

Population *('000)*	
Total	1,340,091
Over 65	118,830
Mortality rate *(%)*	0.711

Source: China Statistical Yearbook 2011

The Director considered funeral services have been a very important component in Chinese social and religious systems. It has been a long tradition in the PRC to hold public decorum and show respect to the deceased. In recent years, the PRC has experienced quick economic development, with concomitant increase in national income. The Directors believe there is potential growth on the development of cemetery business due to growing trend of aged population and economic improvement in the PRC.

BUSINESS REVIEW

During the Year, the Group continued its focus on Cemetery Business and conducted its business mainly through Zhejiang Anxian Yuan, a Company's indirect subsidiary (with 98.38% equity interests) engaging Cemetery Business in Hangzhou, the PRC.

The Group established an operation headquarter for Mainland China projects ("Operation Headquarter") in Hangzhou, the PRC, which commenced operation on 25 March 2014. The operation headquarter is responsible for the coordination of business development and management of cemeteries in the PRC. The Board considers that the newly established Operation Headquarter will support the continuous expansion of Cemetery Business and help fully utilize the resources allocated to the Cemetery Business, with a view to enhancing the Company's competitiveness in the PRC.

In view of the needs of the continuous growth and expansion in the development, operation and management of cemeteries in the Greater China Region (including Hong Kong, Macau, Taiwan and Mainland China) and having conducted its own business assessment in light of the recent open-door policies adopted by the Chinese government, the Company established Shanghai Anxian Yuan, an indirect wholly-owned subsidiary of the Company, on 26 November 2013 in the China (Shanghai) Pilot Free Trade Zone. The scope of business approved by 上海市工商行政管理局自由貿易試驗區分局 (in English, for identification purpose only, the Shanghai Administration for Industry and Commerce Pilot Free Trade Zone Branch) includes the provision of cemetery management services and corporate management services. Shanghai Anxian Yuan commenced its business in early December 2013 and had set up several branch companies in various districts in the PRC including Beijing.

On 3 March 2014, Shanghai Anxian Yuan entered into a strategic investment and cooperation agreement with 上海朗泰醫院後勤管理有限公司 (in English, for reference only, Shanghai Liontown Hospital Supportive Management Service Company Limited, the "Liontown"). Pursuant to the agreement, Shanghai Anxian Yuan will inject a sum of RMB7,000,000 to Liontown. Upon completion of the investment, Shanghai Anxian Yuan will hold 7% of the entire issued shares of Liontown. Liontown is a company with limited liability incorporated under the laws of PRC, which is principally engaged in the provision of supportive management services to hospitals, nursing homes, sanatoriums, medical centres and other public health institutions in major provinces and cities in the PRC. The Liontown's services include housekeeping, transportation, nursing, woven cotton fabrics management etc. The Board believes that through the Investment in Liontown, it is a good opportunity for the Group to enhance and strengthen their current business connection and network and to explore further business opportunities. Details are set out in the company's announcement dated 3 March 2014. The investment has not completed as at the date of this report.

BUSINESS OUTLOOK

The issues of birth, old age, sickness and death are entwining human beings eternally. With the growing trend of China's aged population, the funeral business, a high-spending specialty industry, is experiencing a long-term growing business opportunity. For a single cemetery investment, however, as it is difficult to secure domestic cemetery projects and costs are gradually increasing, particularly the appreciation of Renminbi in the last ten over years, the growth in investment returns for a single capital-intensive type business will slow down in the near future. At the same time, as hindered by the regional mortality rate and enormous investment amount at preliminary stage, the relatively longer customer cumulative credit cycle in the initial years of cemetery business and the relatively long cash return cycle, the chance of growing business performance is not high.

When compare with the world's leading funeral and cemetery business enterprises, currently, income from funeral and cemetery services in domestic industry is obviously out of proportion. The existing ratio has indicated tremendous growing opportunities for the research, development and sales of specialty funeral items as well as the high quality experiential services market in future.

2013 was a year dominant by internet, in particular a year that envisaged the integration of mobile internet with traditional business to form a new business model. With its successful business transformation, apart from the traditional cultural and arts cemetery business, Anxian Yuan China had already expanded itself in the new market and delivered proven records in respect of the business model that integrated the funeral and cemetery business with internet.

In the future, Anxian Yuan will not only own the largest cultural and arts cemetery in Zhejiang and a leading professional cemetery investment and management group in China, through investment and collaboration, it will also establish a brand new funeral affairs service brand by applying the existing sophisticated internet technology with controllable costs to establish an on-line business advisory platform and an off-line project and service platform, using an experiential service of a breakthrough nature with embedded high-technology to inaugurate a trial funeral business operation O2O business model in Hangzhou, Zhejiang and Shanghai.

Once the innovative businesses in Hangzhou and Shanghai have achieved management experience and positive performance, we plan to quickly promote same to the projects managed by each of our branch companies nationwide and eventually become the first choice in funeral services and the industry's premier choice in service platform for the Mainland Chinese.

FINANCIAL REVIEW

For the Year, the Group recorded net profit of approximately HK$6.0 million (2013: net loss of approximately HK$4.4 million) on turnover of approximately HK$157.3 million (2013: approximately HK$127.4 million). During the Year, Zhejiang Anxian Yuan sold 1,125 tombs (2013: 1,144 tombs) and 31,000 columbarium niches (2013: 13,000 niches). Improvement in the results of the Group was mainly attributable to a loss on disposals of subsidiaries of approximately HK$10.4 million recorded in last financial year, with the purpose to simplify the corporate structure of the Group.

Net assets of the Group as at 31 March 2014 was approximately HK$456 million (2013: approximately HK$440 million). During the Year, no placing of shares was noted (2013: approximately HK$38.3 million).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

OTHER INFORMATION

1. Purchase, sale or redemption of listed securities of the company

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

2. Corporate governance practices

The Board is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the Shareholders as a whole. In the opinion of the Board, the Company had complied with the Code during the Year, except for the deviation from Code A.2.1, Code A.4.1 and Code A.6.7 as described below.

Code A.2.1

Code A.2.1 provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

During the Year up to 22 January 2014, Mr. Shi Hua was the Chairman and the Chief Executive Officer. The appointment of Mr. Shi Hua as both the Chairman and the Chief Executive Officer are not in compliance with Code A.2.1 which requires separating these roles. The Board was of the view that it would provide the Company with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long term strategies to be carried out more effectively and efficiently.

On 23 January 2014, Mr. Shi Hua resigned as Chief Executive Office and Mr. Shi Jun was appointed the Chief Executive Office. As the roles of the chairman and chief executive officer have been separated and performed by different individuals, the Company has complied with Code A.2.1 since that day.

Code A.4.1

The Board is empowered under the Bye-laws to appoint any person as a director either to fill a casual vacancy or as an additional member of the Board. A newly appointed director must retire but will become eligible for re-election at the first annual general meeting after his/her appointment. According to the Bye-laws, at each AGM, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) should retire from office by rotation.

The non-executive Directors have not been appointed for a specific term but are subject to retirement by rotation and re-election at the AGM in accordance with the Bye-laws. In this regard, the Company had deviated from Code A.4.1.

Code A.6.7

Code A.6.7 provides that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the company. Due to business commitment, two Non-executive Directors, namely Dr. Qi Xing Gang and Mr. Yu Ping, were unable to attend the AGM held on 26 August 2013.

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.

One of the Independent Non-executive Directors possesses appropriate professional accounting qualifications and financial management expertise. All of the Independent Non-executive Directors have signed their respective confirmation letters to the Company confirming their independence as set out in the Listing Rules 3.13. During the Year, the Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company.

Following the resignation of Ms. Lau Siu Lgor on 31 March 2014, the Board comprised seven members and two of which were Independent Non-executive Directors. Besides, the Company had only two audit committee members and the chairman of the remuneration committee was not chaired by Independent Non-executive Director. The Company therefore failed to comply with (i) Rule 3.10A of the Listing Rules which requires that a listed issuer must appoint independent non-executive directors representing at least one-third of the board; (ii) the minimum number required under Rule 3.10(1) of the Listing Rules which requires that a listed issuer must include at least three independent non-executive directors; (iii) Rule 3.21 of the Listing Rules which requires the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and (iv) Rule 3.25 of the Listing Rules which requires the remuneration committee must be chaired by independent non-executive director.

In this regard, Mr. Chan Koon Yung has been appointed as Independent Non-executive Director, Chairman of each Audit Committee and Remuneration Committee and member of Nomination Committee on 24 June 2014 to fill the vacancy arising from the resignation of Ms. Lau Siu Ngor and in compliance with the relevant Listing Rules requirements.

3. Dividend

The Directors do not recommend the payment of any dividend for the Year (2013: Nil).

4. Review by Audit Committee

The Audit Committee has reviewed the annual results of the Group for the Year.

5. Scope of work of BDO Limited

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft 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.

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

Hong Kong, 27 June 2014

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Shi Hua, Mr. Shi Jun, Mr. Law Fei Shing and Ms. Shen Mingzhen; one non-executive director, namely Mr. Wang Hongjie; and three independent non-executive directors namely Ms. Tang Yan, Mr. Fu Xiao Dong and Mr. Chan Koon Yung.

GLOSSARY

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
Cemetery Business	an operating segment of the Group which is engaged in the provision of cemetery services
Chairman	the chairman of the Board
Chief Executive Officer	the chief executive officer of the Company
Code	the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules
Company/Anxian Yuan China Holdings	Anxian Yuan China Holdings Limited, a company incorporated in the Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Director(s)	the director(s) of the Company
Executive Director(s)	the executive Director(s)
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
Non-executive Director(s)	the non-executive Director(s)
PRC	the People's Republic of China, which for the purpose of this announcement exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Shanghai Anxian Yuan	安賢園(上海)陵園投資管理有限公司 (in English, for identification purpose only, Anxian Yuan (Shanghai) Cemeteries Investment Management Company Limited), a limited liability company established in the China (Shanghai) Pilot Free Trade Zone under the laws of the PRC
Share(s)	the ordinary share(s) of HK$0.1 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Year	the year ended 31 March 2014
Zhejiang Anxian Yuan	浙江安賢陵園有限責任公司 (in English, for identification purpose only, Zhejiang Anxian Yuan Company Limited), a limited liability company established under the laws of the PRC
HK$	Hong Kong dollars, the lawful currency of Hong Kong
RMB	Renminbi, the lawful currency of PRC
US$	United States dollars, the lawful currency of USA
%	per cent