



**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)

**Annual  
Report  
2024**

[www.anxianyuanchina.com](http://www.anxianyuanchina.com)

\* For identification purposes only

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Shi Hua (*Chairman*)

Mr. Shi Jun (*Chief Executive Officer*)

Mr. Law Fei Shing (*Deputy Chief Executive Officer*)

### Non-executive Director

Mr. Wang Hongjie (*Resigned on 30 April 2024*)

### Independent Non-executive Directors

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

## COMPANY SECRETARY

Ms. Chan Ka Man Karmen

## AUDIT COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

## REMUNERATION COMMITTEE

Mr. Chan Koon Yung (*Committee Chairman*)

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

## NOMINATION COMMITTEE

Mr. Shi Hua (*Committee Chairman*)

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

## AUTHORISED REPRESENTATIVES

Mr. Shi Hua

Mr. Law Fei Shing

## AUDITOR

BDO Limited

*Certified Public Accountants*

25th Floor Wing On Centre

111 Connaught Road Central

Hong Kong

## PRINCIPAL BANKERS

### Hong Kong

CMB Wing Lung Bank Limited

Bank of Communications (Hong Kong) Limited

### PRC

Industrial and Commercial Bank of China Limited

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1215, Leighton Centre

77 Leighton Road

Causeway Bay, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

MUFG Fund Services (Bermuda) Limited

4th Floor North

Cedar House

41 Cedar Avenue

Hamilton HM 12, Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited

17/F, Far East Finance Centre

16 Harcourt Road, Admiralty, Hong Kong

## SHARE INFORMATION

Stock code: 00922

Board lot: 10,000 shares

## WEBSITE

[www.anxianyuanchina.com](http://www.anxianyuanchina.com)

# CHAIRMAN'S STATEMENT

On behalf of Anxian Yuan China Holdings Limited (the "Company" and together with its subsidiaries, collectively referred to as the "Group"), I hereby present the report of the Group for the financial year 2024.

2023 remains a year of turbulence, divergence and changes. The long-term impact of the COVID-19 pandemic lingered, geopolitical conflicts intensified, the international situation was complicated and changeable, and many countries suffered high inflation. Against such backdrop, the economic downturn in the world was not unexpected at all. In the long run, China's economy, fueled by technology innovation and deepening reform, is undergoing qualitative changes in a subtle way, although difficulties and challenges remain in economic operation. Over the past year, the Group, under the leadership of the Board of Directors, also demonstrated its resilience and vitality amidst economic downturn by stimulating its endogenous momentum to "seek innovation and changes" and firmly pursuing high-quality development, and maintained a stable and healthy growth as always.

Zhejiang Anxian Yuan, the leading flagship project, endeavored to expand its marketing business. On one hand, it actively responded to the government's promotion of green-ecological and land-saving funeral; on the other hand, it kept pace with the times by focusing on the development of ecological and humanistic environment and intelligence through introducing emerging technologies into funeral services. Its new burial areas completed the transformation from traditional cemeteries to land-saving, artistic, ecological and intelligent ones successfully, which gained recognition from society and thus brought strong vitality to the development of the Group. During the period, Zhejiang Anxian Yuan completed the large landscape "Sky Domain", "Ecological Art Garden•Time Gate" and the digital ceremony hall "Unlimited", which has become an important part of the "Seven Privileges" major livelihood project in local civil affairs. Among them, the "Unlimited" digital life experience space represents another exploration of the Group in artificial intelligence following its "digital sacrifice" and AI "recovery" of the dead. The space is the first digital remembrance place in the province with the most advanced interactive equipment integrating a series of service functions such as personalized remembrance, AI, healing and meditation. This project not only changes the inherent mode of traditional funeral, but also creates an exclusive memory space and injects infinite warmth into funeral services, which further drives the Group to upgrade its funeral services under the guidance of "integrating technology into the industry and letting missing into the heart" in the new era. As a bold new attempt of the Group under the "people-oriented" and "technology-empowered" policies, the development and completion of the digital life experience space project has been widely concerned and recognised by all walks of life, and has led the trend of funeral digitalization reform in the industry and "AI+" empowering funeral services.

## CHAIRMAN'S STATEMENT

"Green Funeral" not only responds to the national trend and requirements for the development of the funeral industry, but also lays the foundation for the sustainable development of the cemetery. The Group, after formally acquiring and managing Yin Chuan Fu Shou Yuan, has as always been implementing the development strategy of the autonomous region positioned as an ecological zone and the urban development concept of "green, high-end, harmonious and livable" Yinchuan. Aiming to serve the public, conserve land, protect the environment and change traditions, it focuses on deepening funeral reform and promoting land-saving ecological burials under the guidance of safeguarding the interests of the public. At present, Yin Chuan Fu Shou Yuan has gradually emerged as a demonstration unit of outstanding cemeteries integrating green, humanity, ecology, and art in the western region. During the period under review, Yin Chuan Fu Shou Yuan, by actively focusing on land-saving ecology, diversified the forms and methods of land-saving ecological burials with small and micro tombs as the starting point. Meanwhile, it persisted in applying ecologically friendly burial utensils, creating a complete land-saving ecological burial chain. Besides, its "Life Crystal", which has been put into service in 2019, is the only project unit of the "Life Crystal" service in the entire Ningxia region, and has been attracting attention from the public for its positive significance in land-saving burials and promotion of funeral reform. During the period, Yin Chuan Fu Shou Yuan actively cooperated with the local government, not only organizing many activities such as patriotism education and humanities memorials, but also actively participating in local public welfare and charitable undertakings. By strengthening the cooperation with Yinchuan Funeral Service Center, gerocomium group and other units, it, on the top of giving back to the society and shaping the Group's brand image, also has fostered an organic integration of the business chain of local hospice care, funeral services, cemetery sales and after-sales services, demonstrating a sound trend of both branding and benefit enhancement.

During the period, under the mature business philosophy and management experience of the Group, Zunyi Dashenshan Cemeteries, a project of the Group, showed huge vitality and room for development. By making full use of the advantages of funeral and burial integration, Zunyi Dashenshan Cemeteries strived to tap the market potential of funeral services, constantly innovated service forms and expanded the room for development. Guided by the the Group's funeral culture concept of "a view of paradise, a tour of the mundane world", the Cemeteries were fully upgraded from the funeral conditions of funeral parlors to landscape and environment of the Cemeteries. The existing service items in the pavilion include transportation of remains, keeping spirits, refrigeration, facelift, farewell, cremation, placement of spiritual bone, all come with complete supporting facilities and professional technicians. Adhering to the industry purpose of "end of life, endless service", the Group strives to provide customers with professional, quality, humanized and personalized services, which have been widely recognized by the local governments and the general public. With "Culture inheritance, Congregation of talents and resources, and Formation of ecology" as the brand direction, the Group plans to shape Dashenshan Cemeteries into a benchmark enterprise in the provincial cemeteries. It will establish a leading role in the implementation of the funeral reform in Guizhou, and open a new chapter in Guizhou Province by building parks and cemeteries with green funeral and burial concepts.

An enterprise can only achieve success by adapting to the ever-changing business environment of the era. Those who adapt to changes survive, who reform and innovate stand, who fight persistently enjoy enduring success. The Group adheres to the people-oriented and innovative enterprise concept for development. The Group's flagship project, Zhejiang Anxian Yuan, generated good synergy with funeral service provider, offering comprehensive services from funeral to burial for the deceased, setting a new benchmark for the "one-stop" life industry services in the region. It also serves as a template for the sustainable growth of the Group's projects in other areas in the future.

# CHAIRMAN'S STATEMENT

The Group always attaches high importance to the reserve of management talents and professional training of service personnel, especially their training and fostering. By recruiting new talents and implementing mentorship to foster internal employees, standardizing operation procedures, service standards and images, the Group has gradually formed a set of unified and flexible “Anxian Member” service system and working philosophy, thus building a young, knowledgeable and professional team of the Group. During the period, the Group conducted business evaluations of subsidiaries at all levels to standardize operation procedures, service standards and images accordingly. It has gradually formed a set of unified and flexible “Anxian Member” service system and working philosophy, presenting a healthy and virtuous development trend within the Group, which laid a more solid and stable foundation for the long-term management and operation of the Group.

In an era marked by unprecedented global changes, the funeral industry is also filled with opportunities and challenges. In the new financial year, the Group, along with all its employees, will continue to adhere to a people-oriented operation philosophy, and to be guided by the corporate spirit of “anticipate change while being prepared, and learn from the virtuous (居安思變·見賢思齊)”. Thus, we will strive forward with resilience, seek progress while maintaining stability, lay a solid foundation, seize time by the forelock, thereby bravely riding on the tide of the times as well as persistently focusing on deepening and expanding our core funeral services. In addition, taking the “stylish choices by making peace with ancestors in Anxian (品位·安賢)” as the core, each of project companies will strive to establish a positive brand image under the branding requirements of “benevolence, integrity, care, warmth and comfort (仁心、正心、精心、溫心、舒心)”. The Group is dedicated to forming a highly efficient and professional team along with a scientific operational system. By setting new criteria for the modern funeral industry, we aim to lead and promote progress and transformation in China's funeral sector, so as to make new contributions to the Chinese funeral cause. Our goal is to create a life spiritual home where humanistic commemoration, life education, historical culture, ecological art and funeral services may complement each other. Anxian Yuan China remains in step with the times and resonates with China's sustainable development goals. Amid the currents of change, we adhere to the principle of steady operation, establish the strongest foundation, seize development opportunities, and maintain unwavering confidence, continuously drawing a blueprint for high-quality development. Under the leadership of the Board, the Group will proceed with greater enthusiasm, a more solid work style and more effective methods. We will work together with determination, strength and wisdom. A journey of a thousand miles begins with the first step. In the new stage of development, we look forward to continuing the journey with you.

**Shi Hua**

*Chairman*

Hong Kong, 21 June 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET OVERVIEW

Since ancient times, Chinese people have attached high importance to the sense of life and death, and believed that a burial brings peace to the deceased. Great attention has been paid to the continuation of the family and the worship of the deceased. In the Book of Rites: Sacrifice (《禮記•祭義》), it is said: “Let there be a careful attention to perform the funeral rites to parents, and let them be followed when long gone with the ceremonies of sacrifice – then the virtue of the people will resume its proper excellence” (「慎終追遠，民德歸厚矣」). This traditional funeral culture is deeply rooted in the spiritual world of the Chinese nation and constantly evolves and innovates with the development of the times. In modern society, with people’s re-understanding and emphasis on traditional culture, funeral etiquette is not only a respect and commemoration for the deceased, but also an important manifestation of cultural inheritance. The profound cultural heritage has provided a continuous driving force for the development of funeral market in China.

In terms of policy, with the joint release of the “Guiding Opinion on Further Promoting the Funeral and Burial Reforms and Encouraging the Development of the Funeral and Burial Industry” by multiple national departments in 2018, policy guarantees have been provided for the healthy and orderly development of the industry. The “Two Sessions” held in 2024 reasserted the importance of funeral and burial reforms, and continuously proposed to standardize the funeral market order, promote the regulated, professional, and diversified development of funeral services, so as to advocate and encourage the industry trends of green funeral and environmentally-friendly funeral. The support and guidance of policies have injected new vitality and growth space into the funeral market.

In addition, Chinese society is in a stage of rapid aging. According to the National Bureau of Statistics, as of the end of 2023, the population aged 60 and above in China has reached 296.97 million, accounting for 21.1% of the total population. With the increase of the elderly population, the demand for funeral services is also increasing. Given the acceleration of China’s urbanization process, modern people’s demand for funeral services is becoming increasingly diversified and personalized. More and more families wish to provide higher quality and more personalized funeral services for the deceased. The increasing market demand has provided broad development prospects for the funeral industry.

## BUSINESS REVIEW AND OUTLOOK

As one of the leading enterprises in the funeral and burial industry in the PRC, the Group remains true to its original aspiration, respects life and serves life, and is always committed to providing quality funeral services so that the deceased can rest in peace, the living can send their condolences and every customer can feel the dignity of life.

During the period, the Group and its project companies fully implemented the decisions and arrangements of the Board by closely focusing on the targets and tasks set in the development plan of the Group and adhering to the guiding philosophy of “stability, practicality, integrity and progress (穩、實、正、進)”. The Group has set the right course of development, gathered power and built consensus to effectively respond to and eliminate various risks and challenges. It is committed to building a solid foundation and gaining momentum, making progress while maintaining stability by pioneering, changing and innovating. Zhejiang Anxian Yuan, as a flagship project, stabilized the development despite the slight decline in sales during the Period. Under the leadership of the Board of Directors, the Group maintained a sound financial condition to continuously enhance its overall competitiveness throughout the business process and secure benefits in a scientific manner.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, on the basis of focusing on its core businesses, the Group tapped into the development potentials of all project companies and vigorously expanded the service scope, with positive results achieved. The Group managed the first rush period of tomb sweeping in the post-epidemic era, with all project companies implementing safety precautions actively to ensure that the entire process was carried out safely and smoothly. Meanwhile, each of the project companies conducted highlight service projects, making the most of their regional advantages and winning acclaim from all sectors. The Group plans carefully and constructs elaborately. All cemeteries of its projects keep pace with the times and adhere to green funeral, with the ecological environment being continuously improved. In addition, the Group is eager to innovate. Zhejiang Anxian Yuan, the Group's flagship project, continued to be on the cutting edge of "neo-funeral" and fully leveraged its intelligence advantage to enhance its services and competitive power, applied holography, AI and other latest high technology to make a comprehensive attempt on the funeral reform, triggering a trend of digital reform and "artificial intelligence+" empowerment in the funeral and burial industry. The concept of "integrating technology into the industry to create a way to send people's thoughts and condolences" broadened the development idea for the future ecological funeral and burial. The Group also remains true to its original aspiration and takes the initiative to assume social responsibility. During the Period, the Group carried out a number of public welfare publicity activities, which established a good reputation and formed an influential and visible corporate image while giving back to the community.

Looking forward, the funeral industry will be full of opportunities and challenges in the future. In response to the call of the new era, the Group will seize the opportunity and take the initiative to explore changes, so as to actively respond to challenges. Adhering to the concept of "pursuing development based on real economy", the Group will continue to strengthen and develop its existing projects while unearthing the brand value. The Group will also adjust the product strategies and structures, so as to boost the transformation and upgrading of the products. Besides, the Group, adhering to green funeral as the core of development and focusing on the land-saving ecological philosophy, will put more efforts on the research and development of new products. By exploring new business philosophy, the Group will also vigorously expand its funeral services scope and explore multiple possibilities of technology empowerment, striving to facilitate the progression of modernized, ecological and humanistic reformation of funerals and burials in China. Furthermore, the Group will persevere and remain hopeful despite adversity. Adhering to the business philosophy of "people-oriented, culture-based, scientific-minded and service-purposed", the Group will constantly pursue self-improvement. With an aim of striving to create a brand image of "benevolence, integrity, care, warmth and comfort (仁心、正心、精心、溫心、舒心)", the Group will constantly adapt to changes and upgrade its operation and management, committed to returning the society and customers with the most professional attitude and the highest quality of services in the industry to reward our partners and investors with good results.

## CEMETERY BUSINESS

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

Key performance indicators	Definition	2024	2023
Revenue growth rate	Total revenue in current year vs last year	-16.5%	+9.5%
Gross profit ratio	Gross profit over total revenue	73.0%	74.5%

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the Year, the Group recorded net profit of approximately HK\$58.4 million (2023: approximately HK\$105.5 million) and revenue of approximately HK\$284.4 million (2023: approximately HK\$340.5 million). The Group's earnings before interest and tax was approximately HK\$88.4 million (2023: approximately HK\$147.0 million). Decrease in the Group's net profit by approximately HK\$47.1 million year-on-year.

### Revenue

Total revenue and gross profit for the year ended 31 March 2024 decreased to approximately HK\$284.4 million (2023: approximately HK\$340.5 million) and approximately HK\$207.7 million (2023: approximately HK\$253.7 million) compared with the previous year respectively. The decrease in revenue and gross profit was mainly due to total number of tombs sold was decreased by 16.1% and depreciation of RMB against HK\$ by 3.6%.

Of the total revenue of approximately HK\$284.4 million (2023: approximately HK\$340.5 million), sales of tombs and niches amounted to approximately HK\$254.5 million (2023: approximately HK\$307.8 million).

### Other income and gains, net

The Group recorded an decrease in other income by approximately HK\$4.8 million. Such decrease was mainly due to the absence of recovery of bad debts on other receivable for the current year (2023: approximately HK\$8.7 million).

### Selling and distribution expenses

Selling and distribution expenses increased from approximately HK\$36.6 million to approximately HK\$37.8 million compared with last year. It was mainly due to the increase in promotion expense for developing cemetery market.

### Administrative expenses

Administrative expenses increased from approximately HK\$83.6 million to approximately HK\$90.3 million compared with last year. Such increase was mainly due to the increase in repair and maintenance expenses of cemetery and tomb assets.

### Finance costs

The Group recorded a decrease in finance costs by approximately HK\$0.3 million year-on-year. Such decrease was primarily due to the repayment of bank borrowings for the year ended 31 March 2024.

### Profit for the year attributable to the owners of the Company

As a result of the reasons mentioned above, profit attributable to the owners of the Company for the Year was approximately HK\$57.8 million (2023: approximately HK\$104.9 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's business operations were funded by its internal resources and bank borrowings. A summary of the consolidated statement of cash flows was as follows:

	2024 HK\$'000	2023 HK\$'000
Net cash flows generated from operating activities	91,639	182,952
Net cash flows generated from/(used in) investing activities	57,775	(57,236)
Net cash flows used in financing activities	(79,742)	(33,651)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>69,672</b>	<b>92,065</b>

During the Year, the net cash inflow was approximately HK\$69.7 million (2023: approximately HK\$92.1 million). As at 31 March 2024, the cash and cash equivalents and fixed time deposits of the Group was approximately HK\$339.4 million (2023: approximately HK\$340.5 million). The Group had short-term bank borrowings of approximately HK\$17.3 million (2023: approximately HK\$27.0 million) and no long-term bank borrowings as at 31 March 2024 (2023: approximately HK\$17.9 million). During the Year, the Group had spent approximately HK\$26.0 million for repayment of bank borrowings in order to improve the Group's financial position.

The current ratio (current assets/current liabilities) of the Group was approximately 3.96 as at 31 March 2024 (31 March 2023: approximately of 3.79). The increase in current ratio as at 31 March 2024 as compared to 31 March 2023 was mainly due to the decrease in current liabilities of the Group.

The gearing ratio (total liabilities/total assets) at the end of the Year was approximately 0.23 (2023: approximately 0.24). The decrease in gearing ratio as at 31 March 2024 as compared to 31 March 2023 was mainly due to the decrease in total liabilities of the Group.

As at 31 March 2024, the Group recorded net current assets of approximately HK\$436.0 million (31 March 2023: approximately HK\$445.6 million). It indicated the Group has sufficient working capital to meet its financial obligations.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

As at 31 March 2024, the issued share capital of the Company was 2,221,363,150 ordinary shares. During the Year, there was no movement of the issued share capital of the Company.

Total assets and net assets of the Group as at 31 March 2024 were approximately HK\$1,275.1 million (2023: approximately HK\$1,332.6 million) and approximately HK\$978.7 million (2023: approximately HK\$1,006.7 million) respectively. The net assets per share was approximately HK\$0.44 (31 March 2023: approximately HK\$0.45). The decrease in net assets was mainly due to net profit attributable to owners of the Company decreased to approximately HK\$57.8 million less dividend paid out of approximately HK\$51.1 million and unrealized exchange loss on translation of financial statements of foreign operations of approximately HK\$32.2 million due to the depreciation in RMB against HK\$ as at 31 March 2024.

## PLEDGE OF ASSETS

As at 31 March 2023 and 2024, no properties were pledged for certain interest-bearing bank borrowings.

As at 31 March 2023 and 2024, 98.38% equity interests in Zhejiang Anxian Yuan was pledged to secure the bank borrowings granted to this subsidiary.

## LITIGATION

No significant litigation as at 31 March 2023 and 2024 was noted.

## FINANCIAL GUARANTEE

No outstanding financial guarantee of the Group as at 31 March 2024 was noted (2023: Nil).

## SIGNIFICANT INVESTMENTS

The Group did not have significant investment during the Year (2023: Nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year (2023: Nil).

## CONTINGENT LIABILITIES

As at 31 March 2023 and 2024, the Group had no significant contingent liabilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Year, the Group's business including revenue and cost of sales were mainly denominated in RMB and the fund raising activities were denominated in HK\$ and RMB. The PRC subsidiaries of the Group were operated in the PRC. All transactions, assets and liabilities of the PRC subsidiaries were denominated in RMB and were translated into HK\$ at year end date as foreign operations. The Group currently does not have foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group also monitors its foreign currency exposure closely and considers hedging significant foreign currency exposure should the need arise. The Group did not have significant exposure to foreign currency risk at 31 March 2024. No material foreign currency hedge was made during the Year.

## EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2024, the Group had 12 employees (including Directors) (2023: 12 employees) and 268 employees (2023: 253 employees) (including part-time and full-time employees) in Hong Kong and the PRC respectively. The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. The Group also provides provident fund schemes (as the case may be) to its employees depend on the location of such employees. In addition to basic salary and mandatory provident fund, employees are entitled to other benefits such as share option scheme, of which the Directors may, at their discretion, grant options to employees of the Group. The remuneration policies of the Group's employees are subject to review regularly.

The Group has share option schemes available for directors and employees of the Company or any of its subsidiaries.

Total staff costs (including Directors) for the Year amounted to approximately HK\$44.3 million (2023: approximately HK\$45.1 million), of which contribution to mandatory provident fund were approximately HK\$116,000 (2023: approximately HK\$116,000). No share options were granted during the Year (2023: Nil). Details of the share options scheme are set out in note 31 to the consolidated financial statements.

## RIGHTS ISSUE AND USE OF THE NET PROCEEDS

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

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the details of the intended use of net proceeds as stated in the Rights Issue Documents, the reallocation of unutilized net proceeds as stated in the Company's announcements dated 26 November 2021 and 8 December 2021, the actual use of net proceeds up to 31 March 2024, the remaining balance of unutilised net proceeds as at 31 March 2024 and the expected timeline for utilising the remaining unutilised net proceeds:

Original intended use of net proceeds	Intended use of net proceeds as stated in the Rights Issue Documents (%) HK\$'000	Reallocation of unutilized net proceeds as stated in the Company's announcements dated 26 November 2021 and 8 December 2021	Actual use of net proceeds up to 31 March 2024 HK\$'000	Remaining balance of unutilised net proceeds as at 31 March 2024 HK\$'000	Expected timeline for utilization (Note)
		HK\$'000			
Potential opportunity(ies) in strategic investment	81,490 (62%)	(81,490)	–	–	–
Repayment of existing debts and payables	28,891 (22%)	60,000	71,214	17,677	By 1 July 2024
General working capital	21,120 (16%)	21,490	42,610	–	–
	131,501	–	113,824	17,677	

*Note:* The expected timeline for using the unutilised net proceeds is based on the best estimation of the present and future business market situations made by the Board, and it will be subject to changes based on the future development of market conditions.

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

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The following set forth the biographical details of the Directors and the members of the senior management of the Company as at the date of this annual report.

## EXECUTIVE DIRECTOR AND CHAIRMAN

**Mr. Shi Hua**, aged 72, was appointed as an Executive Director on 20 June 2011. He is also the chairman of the Company and chairman of the Nomination Committee as from 15 December 2011 and 30 March 2012, respectively. Mr. Shi Hua was the chief executive officer of the Company from 15 December 2011 to 22 January 2014.

Mr. Shi Hua was a teacher of 浙江汽校寧波分校 (Zhejiang Motor School, Ningbo Branch\*) from 1976 to 1977. During 1977 to 1990, Mr. Shi Hua worked for Zhejiang Civil Affairs Bureau and was responsible for the daily office routine of the Civil Affairs Bureau. During 1990 to 1996, Mr. Shi Hua worked for 杭州富安刺繡服裝廠 (Hangzhou Fu An Embroidery Clothing Factory\*) as its manager to oversee the overall day-to-day operation. In 1996, Mr. Shi Hua established 浙江富安移民經濟開發有限公司 (Zhejiang Fu An Immigration Economic Development Company Limited\*) and worked as its chairman and general manager. He was fully responsible for the Company's operational management and investment decisions. In 1999, Mr. Shi Hua established Zhejiang Anxian Yuan and worked as its chairman of the board of directors and general manager. In 2007, he resigned from Zhejiang Anxian Yuan as general manager but remains as its chairman. Mr. Shi Hua was the president of Funeral Association of Zhejiang Province from September 2018 to June 2023. He currently is a consultant of Funeral Association of Zhejiang Province.

Mr. Shi Hua is the father of Mr. Shi Jun, an Executive Director and the Chief Executive Officer.

Pursuant to Part XV of the SFO, as at the date of this report, Mr. Shi Hua is interested in the aggregate of 1,299,325,616 Shares, representing approximately 58.49% of the total issued share capital of the Company, and is a substantial shareholder of the Company. The 1,273,530,616 Shares out of 1,299,325,616 Shares are held by Master Point Overseas Limited ("Master Point"), the entire issued share capital of which is legally and beneficially owned by Mr. Shi Hua. Under the SFO, Mr. Shi Hua is deemed to be interested in the Shares held by Master Point. The remaining 25,795,000 Shares out of the 1,299,325,616 Shares are held by Mr. Shi Hua in personal interests.

## EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

**Mr. Shi Jun**, aged 42, was appointed as an Executive Director and Chief Executive Officer on 15 December 2011 and 23 January 2014, respectively.

From 2003 to 2005, Mr. Shi Jun worked for 浙江富安移民經濟開發有限公司 (Zhejiang Fu An Immigration Economic Development Company Limited\*) as a deputy business manager, and was responsible for business development. From 2005 to 2007, Mr. Shi Jun worked for Hangzhou Haoletian Etiquette Service Company Limited\* (杭州好樂天禮儀服務有限公司) as a deputy general manager responsible for the company's overall business operations. In 2007, Mr. Shi Jun worked for Zhejiang Anxian Yuan as an assistant general manager and was responsible for the company's human resources and general business plan. He has been the general manager of Zhejiang Anxian Yuan since 2008, and was responsible for the company's overall daily operations. He is currently a director of Zhejiang Anxian Yuan. Mr. Shi Jun also has been the president of Funeral Association of Hangzhou and vice president of Funeral Association of Zhejiang Province since May 2018 and June 2023 respectively.

Mr. Shi Jun is the son of Mr. Shi Hua, an Executive Director and the Chairman.

Pursuant to Part XV of the SFO, as at the date of this report, Mr. Shi Jun is interested in 30,500,000 Shares personally, representing approximately 1.37% of the total issued share capital of the Company.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTOR AND DEPUTY CHIEF EXECUTIVE OFFICER

**Mr. Law Fei Shing**, aged 64, was appointed as an Independent Non-executive Director on 4 June 2009 and was re-designated to Executive Director on 10 June 2009. He was the company secretary of the Company from 22 July 2011 to 1 July 2021. He is also the Deputy Chief Executive Officer of the Company as from 23 January 2014.

Mr. Law is a practicing certified public accountant of the Hong Kong Institute of Certified Public Accountants. He is also a member of American Institute of Certified Public Accountants, USA and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Law has over 30 years of experience in audit and accounting services.

Mr. Law was an executive director and was re-designated as a non-executive director of Pak Tak International Limited (stock code: 2668) from August 2013 to December 2014 and from December 2014 to May 2021 respectively, and he was a non-executive director of TATA Health International Holdings Limited (stock code: 1255) from June 2017 to June 2021, both of which are listed on the Main Board of Stock Exchange.

Mr. Law was reprimanded and further ordered (i) the cancellation of Mr. Law's practising certificate, with no issuance of a practising certificate to him for 15 months, with effect from 14 January 2022; and (ii) to pay a penalty of HK\$160,000 and costs of the disciplinary proceedings of HK\$4,943,123 (which Mr. Law has to bear the HKICPA's cost in full) for failure or neglect to observe, maintain or otherwise apply professional standards as issued by the Hong Kong Institute of Certified Public Accountants over 10 years ago for deficiencies found in the audits on the financial statements of a private company (which is unrelated to the Group) for the two years ended 31 March 2010 and 2011, in particular, the Hong Kong Standard on Auditing 250 Consideration of Laws and Regulations in an Audit of Financial Statements, HKSA 701 Modifications to the Independent Auditor's Report, section 270 Custody of Client Assets of the Code of Ethics for Professional Accountants and the fundamental principle of professional competence and due care in section 100 of the Code of Ethics. Further details were set out in the Company's announcements dated 24 January 2022 and 27 January 2022 respectively. Mr. Law made a practising certificate application in 2023 and a practising certificate was issued by the Accounting and Financial Reporting Council on 16 January 2024.

Pursuant to Part XV of the SFO, as at the date of this report, Mr. Law is interested in 50,000,000 Shares personally and has a security interest in 1,136,530,616 Shares, representing approximately 2.25% and 51.16% of the total issued share capital of the Company respectively. Those security interest of 1,136,530,616 Shares are held by Master Point, which is legally and beneficially owned by Mr. Shi Hua, were subject to a share charge executed by Master Point as charger in favour of Excel Precise International Limited ("Excel Precise") as chargee which is owned as to 25% by Mr. Law and 73.5% by True Promise Investments Limited ("True Promise"), a company which in turn is wholly-owned by Mr. Law. Accordingly, Mr. Law and True Promise were deemed to be interested in the 1,136,530,616 Shares in which Excel Precise was interested under the SFO.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## NON-EXECUTIVE DIRECTOR

**Mr. Wang Hongjie**, aged 70, was appointed as a Non-executive Director on 23 January 2014. He has been resigned as a Non-executive Director with effect from 30 April 2024.

Mr. Wang is holding an on-job postgraduate qualification with the title of senior economist. Mr. Wang is currently the consultant of China Funeral Association and concurrently the director of its Funeral Service Working Committee. Mr. Wang has worked for Shanghai Civil System with over 20 years of experiences serving as a factory director, general manager and chairman. He served as the deputy general manager of Shanghai City Civil Affair Industrial Corporation (上海市民政工業總公司) and concurrently the general manager and secretary of the party committee of Shanghai Tianyang Electrical Appliances Industrial Company (上海天陽電器實業公司), and the deputy general manager of Shanghai Civil Affair (Group) Co., Ltd. (上海民政(集團)有限公司) and concurrently the chairman and general manager of Shanghai Sanzhi Auto Parts Industrial Co., Ltd. (上海三智汽配實業有限公司), all enabling him to be familiar with corporate operation and management. Mr. Wang joined Shanghai Funeral Service Centre (上海市殯葬服務中心) in 2003 and held the positions of deputy secretary and secretary of the party committee and the director of the Centre, and he had concurrently served as the vice chairman of Shanghai Huilongyuan (上海匯龍園) and the chairman of Shanghai Binhai Guyuan (上海濱海古園) for a long time among other positions. Mr. Wang served as the president of Shanghai Funeral and Interment Trade Association from March 2004 to December 2016, holding such position for nearly thirteen years. He was also the director of the Local Coordination Committees of China Funeral Association in 2007 and served as the vice president of China Funeral Association and concurrently as the director of the Funeral Service Working Committee in January 2012. He has over a decade of extensive experiences in the funeral business in mainland China and is well versed with the funeral market in the mainland.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chan Koon Yung**, aged 65, was appointed as an Independent Non-executive Director on 24 June 2014. He is the chairman of each of the Audit Committee and Remuneration Committee and a member of Nomination Committee.

Mr. Chan has more than 34 years of experience in management, audit, finance, taxation and accounting. He obtained a Diploma in Accounting from the Hong Kong Baptist University (formerly known as Hong Kong Baptist College) in 1982 and a Master degree of Business Administration from the University of Strathclyde in the United Kingdom in 1993. He worked for Tupperware (China) Company Limited from December 1987 to April 1998 with his last position as a financial director, and for Herbalife International of Hong Kong Limited from January 1999 to November 2005 as the general manager/director, where the holding companies for both companies are listed on the New York Stock Exchange. Mr. Chan later joined Synergy Worldwide (HK) Limited from March 2006 to August 2008 as a general manager. Besides, he has been working for Poon & Partners CPA Limited since September 2008 with his current position as a director, and has been the sole proprietor of his own accounting firm Chan Koon Yung & Co. since March 2013. Mr. Chan was the chief financial officer of Star Centurium Limited from January 2023 to December 2023. He is an independent non-executive director of Yues International Holdings Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1529), since October 2022.

He is currently a practicing certified public accountant in Hong Kong and is an associate member of the Hong Kong Institute of Certified Public Accountants.



## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Lum Pak Sum**, aged 63, was appointed as an Independent Non-executive Director on 15 May 2017. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Lum obtained a master's degree in business administration from the University of Warwick, UK in 1994 and a bachelor's degree in laws from University of Wolverhampton, UK in 2002. He has been currently a non-practising fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. U.K. since 1996 and 1993 respectively. Mr. Lum possesses over 20 years working experience in financial field, the money market and capital market. Mr. Lum's positions in other companies listed on the Stock Exchange in the present and in the last three years are set out below:

Name of company	Position	Period of service
i-Control Holdings Limited (stock code: 1402)	Independent non-executive director	May 2015 to present
Kwan On Holdings Limited (stock code: 1559)	Independent non-executive director	August 2016 to present
Sunway International Holdings Limited (stock code: 58)	Non-executive director	May 2019 to present
Great China Holdings (Hong Kong) Limited (formerly known as Great China Properties Holdings Limited) (stock code: 21)	Independent non-executive director	August 2007 to June 2023
China Asia Valley Group Limited (stock code: 63)	Independent non-executive director	September 2019 to June 2021
TATA Health International Holdings Limited (stock code: 1255)	Independent non-executive director	June 2017 to June 2021

Mr. Lum was an independent non-executive director of Imperial Pacific International Holdings Limited from October 2023 to April 2024. Imperial Pacific International Holdings Limited was ordered to be wound up in accordance with the applicable laws of Hong Kong on 15 April 2024 and the listing of its shares was cancelled on the Stock Exchange with effect from 17 June 2024.

**Ms. Hung Wan Fong, Joanne**, aged 50, was appointed as an Independent Non-executive Director on 19 October 2020. She is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Ms. Hung has about 28 years of experiences in audit and assurance. She graduated from the City University of Hong Kong with Bachelor Degree of Accountancy in 1996. Ms. Hung is a practicing certified public accountant of the Hong Kong Institute of Certified Public Accountants and she is currently a director of an international accounting firm, where she focuses on serving listed companies over a wide variety of industries. Ms. Hung has also been involved in various transaction support assignments including initial public offerings, capital market transactions and financial due diligence in acquisitions of companies. Ms. Hung was an independent non-executive director of Yi Hua Holdings Limited (stock code: 2213), a company listed on the Main Board of the Stock Exchange, from June 2016 to May 2019. Prior to joining the current position, Ms. Hung worked in various international accounting firms in Hong Kong.

## SENIOR MANAGEMENT

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors, as named above.

Only the Executive Directors are regarded as members of the Group's senior management.

# DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the Year (the "Consolidated Financial Statements").

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst its major operating subsidiaries are engaged in cemetery business. Details of the principal activities of the Company's subsidiaries are set out in note 1 to the Consolidated Financial Statements.

## BUSINESS REVIEW

A review of the Group's business during the Year and analysis of the Group's performance using financial key performance indicators and prospects of the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 3 to 12. This discussion forms part of this Directors' Report.

## FINANCIAL RESULTS AND DIVIDENDS

The results of the Group for the Year are set out under the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 51 and 52 respectively.

The Board has recommended the declaration of a final dividend of HK1.3 cents per share for the year ended 31 March 2024 (2023: HK1.5 cents per share) to the Shareholders. The proposed final dividend is subject to approval by the Shareholders at AGM to be held on Monday, 9 September 2024. Upon Shareholders' approval, the proposed final dividend will be paid on Friday, 4 October 2024 to the Shareholders whose names shall appear on the register of members of the Company on Friday, 13 September 2024.

Together with the interim dividend of HK0.8 cent per share (2023: HK0.5 cent per share) which was declared and paid by the Company on 5 January 2024, the total dividend for the year ended 31 March 2024 will amount to HK2.1 cents per share (2023: HK2.0 cents per share).

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years is set out in the section headed "Five Year Summary" on page 27 of this annual report. The summary does not form part of the audited consolidated financial statements.

## SHARE CAPITAL

Details of the Company's share capital and movements during the Year are set out in note 29 to the Consolidated Financial Statements.

# DIRECTORS' REPORT

## RESERVES

Details of movements in the Company and the Group during the Year are set out in note 40 to the Consolidated Financial Statements and in the consolidated statement of changes in equity on page 55 respectively.

## DISTRIBUTABLE RESERVES

As at 31 March 2024, the aggregate amount of reserves available for distribution to equity holders of the Company was approximately HK\$120,838,000 (2023: approximately HK\$136,655,000).

## DONATIONS

HK\$313,000 donation was noted during the Year (2023: HK\$129,000).

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 13 to the Consolidated Financial Statements.

## BANK BORROWINGS

Details of bank borrowings of the Group as at 31 March 2024 are set out in note 27 to the Consolidated Financial Statements.

## DIRECTORS

Directors who held office during the Year and up to the date of this report were:

### Executive Directors

Mr. Shi Hua (*Chairman*)

Mr. Shi Jun (*Chief Executive Officer*)

Mr. Law Fei Shing (*Deputy Chief Executive Officer*)

### Non-executive Director

Mr. Wang Hongjie (*Resigned on 30 April 2024*)

### Independent Non-executive Directors

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

In accordance with Bye-laws No. 84, Mr. Shi Hua and Ms. Hung Wan Fong, Joanne will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election at the forthcoming AGM.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company that is not determinable within one year without payment of compensation (other than statutory compensation).

# DIRECTORS' REPORT

## BIOGRAPHIES OF DIRECTORS

Biographical details of Directors are set out on pages 13 to 16 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

Mr. Shi Hua has entered into a service contract with the Company for a period of one year from 20 June 2011 and will continue thereafter unless and until terminated by either party by not less than three months' prior notice.

Mr. Shi Jun has entered into a service contract with the Company for a period of one year from 15 December 2011 and will continue thereafter unless and until terminated by either party by not less than three months' prior notice.

Mr. Law Fei Shing has entered into a service contract with the Company for a period of one year from 10 June 2009 and will continue thereafter unless and until terminated by either party by not less than three months' prior notice.

Mr. Wang Hongjie has entered into a service contract with the Company for a period of one year from 23 January 2014 and will continue thereafter unless and until terminated by either party by not less than three months' prior notice. He has been resigned as a Non-Executive Director with effect from 30 April 2024.

Mr. Chan Koon Yung has entered into a service contract with the Company for a period of one year from 24 June 2014 and will continue thereafter unless and until terminated by either party by not less than three months' prior notice.

Mr. Lum Pak Sum has entered into a service contract with the Company for a period of one year from 15 May 2017 and will continue thereafter unless and until terminated by either party by not less than three months' prior notice.

Ms. Hung Wan Fong, Joanne has entered into a service contract with the Company for a period of one year from 19 October 2020 and will continue thereafter unless and until terminated by either party by not less than three months' prior notice.

All the Directors are subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Listing Rules and the Bye-laws.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

## UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director(s) of the Company since the date of the 2024 interim report of the Company and up to the date of this annual report is set out below:

- (1) Upon recommendation of remuneration committee of the Company and the approval of the Board, the emoluments of each of Mr. Wang Hongjie (resigned on 30 April 2024), Mr. Chan Koon Yung, Mr. Lum Pak Sum and Ms. Hung Wan Fong, Joanne has been increased from HK\$156,000 per annum to HK\$168,000 per annum and discretionary bonus in accordance with his/her service contract, with effect from 1 January 2024;

## DIRECTORS' REPORT

- (2) Mr. Lum Pak Sum has resigned as an independent non-executive director of Imperial Pacific International Holdings Limited effective from 12 April 2024. Imperial Pacific International Holdings Limited was ordered to be wound up in accordance with the applicable laws of Hong Kong on 15 April 2024 and the listing of the its shares was cancelled on the Stock Exchange with effect from 17 June 2024; and
- (3) Mr. Wang Hongjie has resigned as a non-executive director of the Company with effect from 30 April 2024.

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

### DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the note 35 to the Consolidated Financial Statements and those exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules, there was no

- (1) transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party in which any Director or any entity connected with any Director is or was materially interested, either directly or indirectly;
- (2) contract of significance between the Company, or any of its subsidiaries, and any of the Company's controlling shareholders or their subsidiaries; or
- (3) contract of significance for the provision of services to the Company, or any of its subsidiaries, by any of the Company's controlling shareholders or their subsidiaries

subsisting during or at the end of the Year.

### MANAGEMENT CONTRACTS

No contracts (other than the employment contracts) concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2024, so far as the Directors are aware, none of the Directors had any competing interest in a business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### EMOLUMENT POLICY

The remuneration committee was established for reviewing and determining the remuneration and compensation packages of the Directors with reference to their responsibilities and commitment, tenure of Directors and senior management, workload, the time devoted to the Group, the salaries paid by similar companies and the performance of the Group. The Directors may also receive options to be granted under share option schemes. The Company has conditionally adopted a share option scheme. The details of the share option schemes are set out in the paragraph headed "Share Option Scheme" below and in note 31 to the Consolidated Financial Statements.

### REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, senior management and five individuals with highest emoluments are set out in notes 8 and 9 to the Consolidated Financial Statements respectively.

# DIRECTORS' REPORT

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

As at 31 March 2024, the interests and short positions of the Directors and the chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Long Position in the issued shares of the Company

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

#### Notes:

- 1,273,530,616 Shares were registered in the name of Master Point Overseas Limited. Master Point Overseas Limited is a company incorporated under the laws of the British Virgin Islands, the entire issued share capital (i.e. 50,000 shares) of which is legally and beneficially owned by Mr. Shi Hua. Under the SFO, Mr. Shi Hua was deemed to be interested in 1,273,530,616 Shares held by Master Point Overseas Limited.  
  
As Master Point Overseas Limited held more than 50% of the issued share capital of the Company, Master Point Overseas Limited was associated corporation of the Company within the meaning of Part XV of the SFO.
- 1,136,530,616 Shares held by Master Point Overseas Limited were subject to a share charge executed by Master Point Overseas Limited as charger in favour of Excel Precise International Limited ("Excel Precise") as chargee which is owned as to 25% by Mr. Law Fei Shing and 73.5% by True Promise Investments Limited ("True Promise"), a company which in turn is wholly-owned by Mr. Law Fei Shing. Accordingly, Mr. Law Fei Shing and True Promise were deemed to be interested in the 1,136,530,616 Shares in which Excel Precise was interested under the SFO.
- The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2024 which was 2,221,363,150.

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

# DIRECTORS' REPORT

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

As at 31 March 2024, so far as is known to the Directors and Chief Executives, based on the public records filed on the website of the Stock Exchange and the register kept by the Company under Section 336 of the SFO, the following parties, other than the interests of the Directors or chief executive of Company as disclosed above, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO:

### Long Position in the issued shares of the Company

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

#### Notes:

1. The interest of Master Point Overseas Limited is also disclosed as the interest of Mr. Shi Hua, the beneficial owner of Master Point Overseas Limited, in the above section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES".
2. The interests of Excel Precise and True Promise are also disclosed as the interest of Mr. Law Fei Shing in the above section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES".
3. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2024 which was 2,221,363,150.

Save as disclosed above, as far as was known to the Directors, no other person (not being a Director or chief executive of the Company) had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

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

## ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as disclosed in the section headed "Share Option Scheme" below, neither at the end of nor at any time during the Year there subsisted any arrangement to which the Company or any of its subsidiaries was a party and the objects of or one of the objects of such arrangement are/is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## RELATED PARTY AND CONNECTED TRANSACTIONS

Details of the related party transactions that are required to be disclosed for the Year are set out in note 35 to the Consolidated Financial Statements. Save as disclosed in the annual report, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

## EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

## SHARE OPTION SCHEME

During the Year, the Company adopted a share option scheme (the "Share Option Scheme") on 28 August 2018 (the "Adoption Date"). The purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons who contribute to the success of the Group's operations. Eligible persons of the Share Option Scheme include any full-time or part-time employee of the Company or any members of the Group, including any Executive Director, Non-executive Director and Independent Non-executive Director, adviser, consultant of the Company or any the subsidiaries.

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

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



## DIRECTORS' REPORT

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

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

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

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing shares. The share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

The directors of the Company confirm that the Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. During the Year and up to the date of this report, no share option has been granted by the Company under the Share Option Scheme. No share option was outstanding as at 31 March 2024.

## MAJOR CUSTOMERS AND SUPPLIERS

For the Year:

- (i) The Group's five largest customers accounted for less than 30% of the Group's total revenue; and
- (ii) The Group's largest supplier and five largest suppliers accounted for approximately 56% and 88% respectively of the Group's total purchase (not including purchases of items which are of capital nature).

None of the Directors, their Associates, or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

## 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.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda where the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

# DIRECTORS' REPORT

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float with at least 25% of the issued Shares of the Company as required under the Listing Rules throughout the Year and up to the date of this report.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the Year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

## PENSION SCHEMES

The Group participates in a defined contribution retirement scheme organised by the government in the PRC and the Mandatory Provident Fund Scheme under which certain percentage of the salaries of the employees are contributed to the pension schemes. Particulars of these schemes are set out under "Other employee benefits" in note 2.4(o) of the Consolidated Financial Statements. There is no provision under the pension schemes which provides for forfeiture of contributions which may be used by the Group to reduce the existing level of contributions.

## CORPORATE GOVERNANCE

Throughout the Year, the Company has complied with the CG Code in so far as they are applicable as disclosed in the "Corporate Governance Report" is set out in pages 28 to 45 in this annual report.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Further discussion on the Group's environmental policy and our relationship with various stakeholders are covered by a separate Environmental, Social and Governance Report which will be available on the websites of the Stock Exchange and the Company, at the same time as the publication of this annual report.

## 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 Monday, 9 September 2024. The registers of members of the Company will be closed on Friday, 13 September 2024 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 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong before 4:30 p.m. on Thursday, 12 September 2024.

# DIRECTORS' REPORT

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

## EVENTS AFTER THE REPORTING DATE

There was no significant event occurring after the reporting date to be disclosed by the Group up to the approval date of the Consolidated Financial Statements.

## AUDITOR

BDO Limited was appointed as auditor of the Company for the year ended 31 March 2019 upon the removal of Ernst & Young.

The Consolidated Financial Statements of the Group for the year ended 31 March 2024 have been audited by BDO Limited, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution will be submitted to the forthcoming annual general meeting to seek Shareholders' approval on the re-appointment of BDO Limited as the Company's auditor until the conclusion of the next AGM.

By Order of the Board

**Anxian Yuan China Holdings Limited**

**Shi Hua**

*Chairman*

Hong Kong, 21 June 2024

## FIVE YEAR SUMMARY

Year ended 31 March	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>CONSOLIDATED STATEMENTS OF PROFIT OR LOSS</b>					
Revenue	<b>284,430</b>	340,533	310,947	298,742	286,990
Profit before income tax	<b>87,718</b>	146,041	108,006	114,163	76,667
Income tax expense	<b>(29,321)</b>	(40,529)	(36,720)	(32,872)	(24,132)
Profit for the year	<b>58,397</b>	105,512	71,286	81,291	52,535
Profit/(Loss) attributable to:					
Owners of the Company	<b>57,824</b>	104,921	73,125	80,295	53,641
Non-controlling interests	<b>573</b>	591	(1,839)	996	(1,106)
	<b>58,397</b>	105,512	71,286	81,291	52,535
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>					
Non-current assets	<b>691,611</b>	727,036	816,247	800,141	758,110
Net current assets	<b>436,040</b>	445,587	382,522	375,993	170,980
Non-current liabilities	<b>(148,980)</b>	(165,916)	(194,850)	(240,089)	(248,762)
Net assets	<b>978,671</b>	1,006,707	1,003,919	936,045	680,328
Non-controlling interests	<b>(35,706)</b>	(36,381)	(38,631)	(38,859)	(34,993)
Equity attributable to owners of the Company	<b>942,965</b>	970,326	965,288	897,186	645,335

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the year ended 31 March 2024.

The Company believes that good corporate governance practices are very important for maintaining and promoting investor confidence and sustainable growth of the Group. The Board is committed to maintaining a solid, transparent and sensible framework of corporate governance and related measures that the Directors consider applicable to and practical for the Group. The Board will continue to monitor and review their effectiveness.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Listing Rules. In the opinion of the Directors, the Company has complied with all the applicable code provisions set out in the CG Code throughout the Year.

The Board will continue to monitor and periodically review the effectiveness of the corporate governance structure of the Company and effect changes whenever necessary.

### 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 management.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS

### Composition of the Board

The Board has a balance of skills and experience appropriate for the requirements of the business of the Group. During the Year, the Board composition is as follows:

The Board (including corporate governance functions) (Total no. of Directors: 7)		
Executive Directors	Non-executive Director	Independent Non-executive Directors
Mr. Shi Hua ( <i>Chairman</i> ) Mr. Shi Jun ( <i>Chief Executive Officer</i> ) Mr. Law Fei Shing ( <i>Deputy Chief Executive Officer</i> )	Mr. Wang Hongjie ( <i>Note 4</i> ) ( <i>Resigned on 30 April 2024</i> )	Mr. Chan Koon Yung ( <i>Note 2</i> ) Mr. Lum Pak Sum ( <i>Note 2</i> ) Ms. Hung Wan Fong, Joanne ( <i>Note 2</i> )
Total number: 3 % to total no. of Directors: 42.86%	Total number: 1 % to total no. of Directors: 14.28%	Total number: 3 ( <i>Note 1</i> ) % to total no. of Directors: 42.86% ( <i>Note 3</i> )

#### Notes:

1. Minimum number of independent non-executive Directors: 3 (pursuant to Listing Rule 3.10(1)).
2. Independent non-executive Director having accounting expertise (pursuant to Listing Rule 3.10(2)).
3. Independent non-executive Directors represent one-third of the Board (pursuant to Listing Rule 3.10A).
4. Following the resignation of Mr. Wang Hongjie as a Non-executive Director on 30 April 2024, the total number of existing Directors of the Board as at the date of this report are 6, including 3 Executive Directors and 3 Independent Non-executive Directors, each represents 50% to total number of existing Directors.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The Board currently includes a balanced composition of executive and non-executive Directors (including independent non-executive Directors) and more than one-third of the Directors are independent non-executive Directors so that there is a strong independent element in the Board, which can effectively exercise independent judgment.

The brief biographical details of the current Directors as well as the relationships among Board members, if any, are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 13 to 16 of this annual report.

# CORPORATE GOVERNANCE REPORT

To ensure independent views and input are made available to the Board, the Board (or through its board committees) ensures the following mechanisms are in place and reviews the implementation and effectiveness of such mechanisms annually:

- (1) all Directors should have the required character, integrity, perspectives, skills, expertise and experience to fulfill their roles and are encouraged to express their independent views through board meetings;
- (2) all Directors are required to declare conflicts of interest (if any) in their roles as Directors and Directors who have material interests shall not vote or be counted in the quorum for the relevant Board resolutions;
- (3) the Chairman of the Board meets with independent non-executive Directors annually without the presence of the executive Director and non-executive Directors; and
- (4) all independent non-executive Directors are required to confirm in writing on an annual basis their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules.

## **Responsibilities of and Delegation by the Board**

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Apart from the regular board meetings of the Year, the Board also meets on other occasions when a Board-level decision on a particular matter is required.

The Company is governed by the Board which is responsible for directing and supervising its affairs and overseeing the business, strategic direction and performance of the Group. Execution of the Board's decisions and daily operations are delegated to the executive Directors and the management. The functions reserved to the Board and those delegated to executive Directors and management, for the running of the Company's business, have been formalised. The Board reviews those arrangements from time to time to ensure that they remain appropriate to the needs of the Company.

The management of the Company updates the Directors on their duties and responsibilities as well as the conduct, business activities and development of the Group. It supplies the Directors and the Board committees of the Company (the "Board Committees") with adequate, complete and reliable information in a timely manner to enable them to make informed decisions on all major matters of the Company. The day to day management, administration, operation of the Group and adoption of the Company's strategies and policies are delegated to the management. The clear responsibilities division between the Board and the management ensured the power and authority are balanced and not concentrated in any one individual. The management also provides sufficient information and explanation to the Board to enable it to make an informed assessment of financial and other information put before it for approval. The management also supplies additional information upon request and enquiry by the Directors. Timely updates on changes in laws and compliance issues relevant to the Group and appropriate information on the Group's business and activities are provided to the Directors. During the year ended 31 March 2024, management provided all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail. The Board and each Director has a separate and independent access to the management and the Company Secretary, whenever necessary, for any information relevant to the Group they may require in discharging their duties.

## **Directors' Liability Insurance**

During the year, the Company had arranged for appropriate insurance cover in respect of legal action against the Directors.

## **Relationships among Board members**

Mr. Shi Hua, an Executive Director and the Chairman of the Board, is the father of Mr. Shi Jun, an Executive Director and the Chief Executive Officer. Save for the aforesaid, none of the Directors has any financial, business, family or other material or relevant relationships among members of the Board.

# CORPORATE GOVERNANCE REPORT

## Appointment and Re-election of Directors

Pursuant to Bye-law No. 84 of the Bye-laws, at each annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation such that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to rotation who have been longest in office since their last election or appointment and so that as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Pursuant to Bye-law No. 83(2) of the Bye-laws, the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. All Directors appointed to fill a casual vacancy shall be subject to election by the Shareholders at the first annual general meeting after their appointment. Any other Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

## Directors' Attendance Records

The Board schedules regular Board meetings in advance to give Directors the opportunity to participate actively, either in person or through electronic means of communication. Directors are consulted for their views regarding inclusion of specific matters in the agenda for regular Board meetings and the draft agenda is circulated to Directors for their comments. Special Board meetings are convened as and when needed. All Directors are properly briefed on issues to be discussed at Board meetings. These Board meetings, together with the Board Committees, provide effective means for the Board and Board Committees to perform their work and discharge their duties.

The Board meets regularly to review the financial and operating performance of the Group, to make important decisions and to approve future strategies. In addition, the Board would also hold the other Board meetings with a short notice given to discuss the material transactions as and when required. During the Year, seven Board meetings, five Audit Committee meetings, two Remuneration Committee meeting, one Nomination Committee meeting and one general meeting were held. Details of individual Directors' attendance at these meetings are set out in the following table:

Name of Directors	Board Meeting	Audit	Nomination	Remuneration	Annual General
	Attended/Eligible to attend	Committee Meeting Attended/Eligible to attend	Committee Meeting Attended/Eligible to attend	Committee Meeting Attended/Eligible to attend	Meeting Attended/Eligible to attend
<b>Executive Directors</b>					
Mr. Shi Hua	7/7	N/A	1/1	N/A	1/1
Mr. Shi Jun	7/7	N/A	N/A	N/A	1/1
Mr. Law Fei Shing	7/7	N/A	N/A	N/A	1/1
<b>Non-executive Director</b>					
Mr. Wang Hongjie (Resigned on 30 April 2024)	7/7	N/A	N/A	N/A	1/1
<b>Independent Non-executive Directors</b>					
Mr. Chan Koon Yung	7/7	5/5	1/1	2/2	1/1
Mr. Lum Pak Sum	7/7	5/5	1/1	2/2	1/1
Ms. Hung Wan Fong, Joanne	7/7	5/5	1/1	2/2	1/1



# CORPORATE GOVERNANCE REPORT

## Induction and Continuous Professional Development of the Directors

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Pursuant to code provision of C.1.4 of the CG Code, all Directors should participate in continuous professional developments (the "Continuous Professional Developments") to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, in order to ensure compliance and enhance their awareness of good corporate governance practices. The Company also circulate various journals, articles and commentaries about the latest development of the industry from time to time amongst Directors. During the Year, the Company held one session of internal and corporate governance training for all the Directors. The Company will continuously arrange suitable professional development seminars and courses for the Directors.

According to the confirmation records provided by the Directors, all the Directors have participated in Continuous Professional Developments for the Year. During the Year, the Directors have participated in the Continuous Professional Developments in the following manner:

Name of Directors	Type of continuous professional development training (Notes)
<b>Executive Directors</b>	
Mr. Shi Hua	A, B
Mr. Shi Jun	A, B
Mr. Law Fei Shing	A, B
<b>Non-executive Director</b>	
Mr. Wang Hongjie ( <i>Resigned on 30 April 2024</i> )	A, B
<b>Independent Non-executive Directors</b>	
Mr. Chan Koon Yung	A, B
Mr. Lum Pak Sum	A, B
Ms. Hung Wan Fong, Joanne	A, B

### Notes:

- A. Attending seminar(s), conference(s), forum(s) and/or training course(s).
- B. Reading materials provided by external parties or by the Company including but not limited to updates relating to the Company's business or directors' duties and responsibilities, the latest development of the Listing Rules and other applicable regulatory requirements.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The roles of Chairman and Chief Executive Officer should be separated to ensure a clear division between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. The separation ensures a balance of power and authority so that power is not concentrated.

The Chairman and the Chief Executive Officer are currently two separate positions held by Mr. Shi Hua and Mr. Shi Jun respectively with clear distinction in responsibilities.

Mr. Shi Hua, being the Chairman, is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Group, to ensure that adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure that the issues raised at the Board meetings are explained appropriately. During the Year, the Chairman has met with Independent Non-executive Directors annually without the presence of the Executive Directors and Non-Executive Director.

Mr. Shi Jun, being the Chief Executive Officer, is responsible for the daily operations of the Group and the implementation of business policies, objectives and plans as formulated and adopted by the Board, and is accountable to the Board for the overall operation of the Group.

## NON-EXECUTIVE DIRECTORS

All Non-executive Directors (including Independent Non-executive Directors) are appointed for an initial term of one year and renewable automatically for successive terms of one year until terminated by the non-executive Director or the Company by giving not less than three months' written notice. Each of the Directors is subject to retirement and re-election at least once every three years in accordance with the Company's Bye-laws.

The Non-executive Directors (including Independent Non-executive Directors) have the appropriate balance of skills and knowledge in the fields of financial management, business development or strategies related to the Group's business. They scrutinise the performance of management in achieving agreed corporate goals and objectives and monitor the Group's performance reporting. They also provide independent judgment on the matters of strategies, policies and standards of conduct. Their role can serve to assure clarity and accuracy on the reporting of financial information so that systems of risk management and internal control are effectively in place, enabling the Board to maintain high standards of compliance with financial and other reporting requirements and to safeguard the interests of Shareholders and the Company.

The Independent Non-executive Directors and Non-executive Director have given a positive contribution to the development of the Group's strategies and policies through independent, constructive and informed comments. Independent Non-executive Directors also serve as the members of the Audit Committee, Remuneration Committee and Nomination Committee and share their views through regular attendance and active participation in the meetings of Board Committees.

All the existing three Independent Non-executive Directors have met all the guidelines for assessing their independence as set out in Rule 3.13 of the Listing Rules. The Company has received from each of them an annual written confirmation of independence and considers each of them to be independent.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has proper delegation of its powers and has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, with specific written terms of reference that deal clearly with their authority and duties, to oversee particular aspects of the Group's affairs. The Board may establish other Board Committee(s) when necessary in accordance with the Bye-laws. The terms of reference of all Board Committees have required them to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

Sufficient resources, including the advice of the external auditor and other independent professional advisers, are provided to the Board Committees to enable them to discharge their duties.

### Audit Committee

The Audit Committee has been established with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee is accountable to the Board and is primarily responsible for reviewing and monitoring the integrity of financial information and reporting by the Company, for reviewing the Group's internal control and risk management systems and for overseeing the relationship with the external auditor. The Audit Committee has access to and maintains an independent communication with the external auditor and the management to ensure effective information exchange on all relevant financial and accounting matters.

The full terms of reference of the Audit Committee are available on the Stock Exchange's website and the Company's website.

The Audit Committee currently comprises three members of all whom are Independent Non-executive Directors, namely:

Mr. Chan Koon Yung (*chairman of the Audit Committee*)

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

None of the members of the Audit Committee is a member of the former or existing auditors of the Company.

The key roles and responsibilities of our Audit Committee include:

- (i) make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and deal with any questions of its resignation or dismissal;
- (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (iii) develop and implement policy on engaging an external auditor to supply non-audit services;
- (iv) monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and review significant financial reporting judgments contained in them;

# CORPORATE GOVERNANCE REPORT

- (v) review the systems of the Company on financial controls, internal control (including without limitation the procedures for compliance with the requirements of Listing Rules and the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) and risk management;
- (vi) discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- (vii) where an internal audit function exists, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor its effectiveness;
- (viii) review the Group's financial and accounting policies and practices;
- (ix) review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response, and ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (x) review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and
- (xi) act as the key representative body for overseeing the Company's relations with the external auditor.

During the Year, the Audit Committee has performed the following major works:

- reviewed the annual financial statements of the Group and related results announcement and report of the Company for the year ended 31 March 2023, with recommendations to the Board for approval;
- reviewed and monitored the financial reporting system, the risk management and internal control systems and the internal audit function of the Group, including their performance and effectiveness, and findings and recommendations of the independent professionals;
- reviewed the interim financial statements of the Group and related results announcement and report of the Company for the six months ended 30 September 2023, with recommendations to the Board for approval;
- received reports on the findings of BDO Limited during the audit and reviewed the recommendations made to management by BDO Limited and the relevant management's responses;
- considered and made recommendations to the Board on the re-appointment of BDO Limited;
- reviewed the independence of BDO Limited and engagement of BDO Limited for annual audit for the Year;
- reviewed and approved the annual audit plan of BDO Limited, including the nature and scope of the audit, the fee payable to them, their reporting obligations and their work plan;

# CORPORATE GOVERNANCE REPORT

- reviewed internal audit charter and internal control assessment plan from professional consultants; and
- reviewed the Company's corporate governance compliance matters.

According to the current terms of reference, meetings of the Audit Committee shall be held at least twice a year. Five meetings were held during the year ended 31 March 2024. The attendance records of each committee member at the Audit Committee meeting held during the Year are set out in the above section headed "Directors' Attendance Records" on page 31 of this report.

The chairman of the Audit Committee will report the findings and recommendations, if any, to the Board after each meeting. There was no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

## Remuneration Committee

The Remuneration Committee has been established with written terms of reference in compliance with Rules 3.25 and 3.26 of the Listing Rules and code provision E.1.2 of the CG Code. Pursuant to the extension of Chapter 17 of the Listing Rules which has come into effect on 1 January 2023, the terms of reference of the Remuneration Committee were amended and approved by the Board on 15 March 2023. The Remuneration Committee is primarily responsible for recommending to the Board the remuneration of Directors and certain senior managers.

The full terms of reference of the Remuneration Committee are available on the Stock Exchange's website and the Company's website.

The Remuneration Committee currently comprises three members of all whom are Independent Non-executive Directors, namely:

Mr. Chan Koon Yung (*chairman of the Remuneration Committee*)  
Mr. Lum Pak Sum  
Ms. Hung Wan Fong, Joanne

The key roles and responsibilities of the Remuneration Committee include:

- make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- review specific remuneration packages of all executive Directors and management, with recommendations to the Board for approval;
- make recommendations to the Board on the remuneration of Non-executive Directors;
- consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

# CORPORATE GOVERNANCE REPORT

- (vi) review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (vii) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (viii) ensure that no Director or any of his associates is involved in deciding his own remuneration.

During the Year, the Remuneration Committee has performed the following major works:

- reviewed the policy on remuneration of all of the Directors, management and staff of the Company; and
- reviewed the remuneration packages and emolument of the Directors, management and staff of the Company.

Meeting of the Remuneration Committee shall be held at least once a year. Two meeting was held during the year ended 31 March 2024. The attendance records of each committee member at the Remuneration Committee meeting held during the Year are set out in the above section headed “Directors’ Attendance Records” on page 31 of this report.

## Remuneration of Members of Senior Management by Band

The Executive Directors are the senior management of the Company. The senior management of the Company receive remuneration in the form of salaries, bonuses, contribution to retirement schemes, and other allowances and benefits in kind subject to applicable laws, rules and regulations. Pursuant to code provision E.1.5 of the CG Code, the remuneration of members of the senior management by band for the Year is set out below:

<b>Band of Remuneration</b>	<b>Number of Individuals</b>
HK\$1,000,001 to HK\$1,500,000	2
HK\$1,500,001 to HK\$2,000,000	1

Further details of the Directors’ and Chief Executive’s remuneration and the five highest paid employees have been set out in notes 8 and 9 to the Consolidated Financial Statements respectively.

## Nomination Committee

The Nomination Committee has been established with written terms of reference in compliance with Rule 3.27A of the Listing Rules and code provisions B.3.1 of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes directly to the Board; identifying qualified and suitable individuals to become Board members and selecting and/or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Chief Executive Officer.

The full terms of reference of the Nomination Committee are available on the Stock Exchange’s website and the Company’s website.

# CORPORATE GOVERNANCE REPORT

The Nomination Committee currently comprises four members, a majority of them being Independent Non-executive Directors, namely:

Mr. Shi Hua (*Chairman and chairman of the Nomination Committee*)

Mr. Chan Koon Yung

Mr. Lum Pak Sum

Ms. Hung Wan Fong, Joanne

The key roles and responsibilities of the Nomination Committee include:

- (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (ii) formulate a policy of selection and nomination of Directors and the procedures for the sourcing of suitably qualified Directors for consideration of the Board and implement such plan and procedures approved;
- (iii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (iv) ensure sufficient biographical details of nominated candidates are provided to the Board and Shareholders to enable them to make a decision regarding selection of the Board members;
- (v) assess the independence of independent non-executive Directors; and
- (vi) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

During the Year, the Nomination Committee has performed the following major works:

- reviewed the Board diversity policy;
- reviewed the nomination policy for directorship including procedures, process and criteria;
- reviewed the structure, size, diversity and composition of the Board and Board Committees and the split between numbers of Executive Directors, Non-executive Directors and Independent Non-executive Directors;
- considered and recommended to the Board the re-election of the retiring Directors at the 2023 annual general meeting; and
- assessed the independence of the Independent Non-executive Directors.

# CORPORATE GOVERNANCE REPORT

Meeting of the Nomination Committee shall be held at least once a year. One meeting was held during the year ended 31 March 2024. The attendance records of each committee member at the Nomination Committee meeting held during the Year are set out in the above section headed “Directors’ Attendance Records” on page 31 of this report.

The Company has also adopted the Director Nomination Policy. Such policy, devising the criteria and process of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing better Board effectiveness and diversity as well as in compliance with the applicable rules and regulations.

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. In selecting and evaluating candidates for directorship, the Nomination Committee may make reference to certain criteria, such as the Company’s needs, the integrity, experience, skills and professional knowledge of the candidate, and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. Each candidate shall be ranked by order of preference based on the needs of the Company and his/her reference check. The Nomination Committee shall report its findings and make recommendation to the Board on the appointment of appropriate candidate for directorship.

## BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the “Board Diversity Policy”) setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

### Measurable objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contributions that the selected candidates will bring to the Board.

### Implementation and monitoring

The Nomination Committee reviewed the Board’s composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

As at 31 March 2024, 1 out of 7 Directors is female. The Directors obtained degrees or diplomas in diverse disciplines, including accounting, law, economics and business management and have a balanced mix of professional experience and industry background in cemetery business and operation management, corporate governance, financial management, asset management and investment, accounting, taxation, auditing and capital markets.

The Board is currently of the opinion that it generally meets the diversity requirements under the Listing Rules, while it will continue to take opportunities to increase the proportion of female board members over time as and when suitable candidates are identified, subject to the Board being satisfied with the competence and experience of the relevant candidates after a comprehensive review process based on reasonable criteria, and will review the implementation and effectiveness of the Board diversity policy on an annual basis to ensure its continued effectiveness.



# CORPORATE GOVERNANCE REPORT

As at 31 March 2024, the Board's composition under diversified perspectives was summarized as follows:

Designation	Executive Director		Non-Executive Director		Independent Non-Executive Director
		3	1		3
Gender			Male	Female	
			6	1	
Age Group	40-49	50-59	60-69	70-79	
	1	1	3	2	
Length of Service	5 years or below		6-10 years	Over 10 years	
	1		2	4	

As at 31 March 2024, the Group had a total of 118 female employees out of 280 employees, representing 42.1% of the employees of the Group, which is demonstrating a relatively balance gender ratio achieved by the Group, and regarded by the Board as satisfactory and in line with the industry which the Group operates its businesses in.

The Company will continue to take gender diversity into consideration during recruitment and balance the gender proportion at all levels over time with the ultimate goal of achieving gender parity, such that there is a pipeline of female senior management and potential successors to the Board in the future.

The Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board Diversity Policy and considered it to be effective for the year ended 31 March 2024.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code. The principal roles and functions of the Board in relation to corporate governance is to develop and review the Company's policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and management, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, to develop, review and monitor the code of conduct applicable to employees and Directors, and to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Year, the principal works performed by the Board in relation to corporate governance functions are summarised below:

- reviewed the template for monthly update (including financial information and business operations) of the Group;
- reviewed the arrangements for the Company's employees to use, in confidence, and to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- developed and reviewed the corporate governance policy and practices;

# CORPORATE GOVERNANCE REPORT

- developed, reviewed and monitored the codes of conduct applicable to employees and Directors;
- reviewed and monitored the training and continuous professional development of the Directors and management;
- reviewed and monitored the legal and regulatory compliance policy of the Company;
- reviewed the terms of reference of each of the Board Committees; and
- reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board is accountable to the shareholders and is committed to presenting comprehensive and timely information to the shareholders for assessment of the Company's performance, financial position and prospects. A separate statement containing a discussion and analysis of the Group's performance is included in the section headed "Management Discussion and Analysis" of this annual report.

The Board's endeavour to present a balanced, clear and understandable assessment extends to annual and interim reports and other financial disclosures required under the Listing Rules and other applicable rules.

The Directors acknowledge their responsibility for the presentation of financial statements, which give a true and fair view of the state of affairs of the Company and the Group, and the results and cash flows for each financial period. In preparing the financial statements, the Directors have to ensure that appropriate accounting policies are adopted. The financial statements are prepared on a going concern basis. The Board is provided with explanations and information by the management of the Company, so that the Directors have an informed assessment of the financial and other information of the Group putting forward to the Board for discussion and approval.

The independent auditor's report, which contains the statement of the external auditor about its reporting responsibilities on the Group's consolidated financial statements, is set out in the section headed "Independent Auditor's Report" of this annual report.

## RISK MANAGEMENT AND INTERNAL CONTROL

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

During the Year, the Group has engaged an independent professional advisor, BT Corporate Governance Limited ("BTCG"), to assist the Board and the Audit Committee in identifying, ongoing monitoring and assessing the risk management of the Group through a series of workshops and interviews; and independently performing internal control review and assessing effectiveness of the Group's risk management and internal control systems.

# CORPORATE GOVERNANCE REPORT

The results of the independent review and assessment of internal control system and risk management were reported to the Audit Committee and the Board at least once a year. Moreover, improvements in internal control and risk management measures as recommended by BTCG to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of BTCG as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems are effective and adequate.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually to further enhance the Group's internal control and risk management systems as appropriate.

The Board acknowledges its responsibility over the risk management and internal control systems and reviewing their effectiveness. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## External Auditor and Auditors' Remuneration

The external auditor performs independent review or audit of the financial statements prepared by the management. The external auditor of the Company is BDO Limited. A statement by the external auditor of the Company about its reporting responsibilities is included in the independent auditor's report on the Group's consolidated financial statements on pages 46 to 50 in this annual report.

In arriving at its opinion, the auditor conducted an audit without any restrictions and had access to individual Directors (including Audit Committee members) and management of the Company.

For the year ended 31 March 2024, the remuneration paid and payable to BDO Limited in respect of the audit and non-audit services of the Group is set out below:

Type of services provided by the external auditor	HK\$'000
Audit service	940
Non-audit service	10
Total	950

## Procedures and internal controls for the handling and dissemination of inside information

The Group complies with requirements of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group will immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact, in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

Ms. Chan Ka Man Karmen has been appointed as the Company Secretary since July 2021. The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed and is also responsible for advising the Board through the chairman of the Board on corporate governance and the implementation of the CG Code. The Company Secretary has day-to-day knowledge of the Group's affairs.

The Company Secretary reports to the chairman of the Board. All Directors also have access to the advice and services of the Company Secretary to ensure that all applicable laws, rules and regulations are followed. The selection, appointment and dismissal of the Company Secretary are subject to the Board approval.

Ms. Chan Ka Man Karmen has confirmed that she has taken no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules during the Year.

## DIVIDEND POLICY

The Board has adopted the Dividend Policy to set out the basic principles and criteria based on which the Board may consider in determining the distribution of the dividends. Such declaration and payment of dividends shall remain to be determined at the absolute discretion of the Board, subject to all the applicable laws and regulations and the Bye-laws.

The Company intends to pay dividend(s) of not more than 75% of its distributable reserves available for distribution. However, the Board will take into account the following conditions and factors before recommending or declaring dividends, including without limitation to: (i) financial results; (ii) cash flow situation; (iii) balance of distributable reserves; (iv) business conditions and strategies; (v) future operations and earnings; and (vi) capital requirements and expenditure plans.

The Board will review the said Dividend Policy as appropriate from time to time. The historical declarations of dividends of the Group should not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Group in the future. Any declaration and payment as well as the amount of the dividends will be subject to any restrictions under the applicable laws and regulations and the Bye-laws.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. The Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings as follows:

### Procedures for the Shareholders to Convene a Special General Meeting

Pursuant to the article 58 of the Bye-laws, general meetings shall be convened on the written requisition of members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary to the Company, to require an special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

# CORPORATE GOVERNANCE REPORT

## **Procedures for Shareholders to Propose a Person for Election as a Director**

The provisions for a shareholder to propose a person for election as a Director of the Company are laid down under article 85 of the Bye-laws. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the registration office. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgment of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. Detailed procedures for shareholders to propose a person for election as a Director are available on the Company's website.

## **Procedures for Shareholders to Put Forward Proposals at General Meetings**

Pursuant to the Companies Act, the Shareholders holding at the date of deposit of the requisition not less than one-twentieth of the total voting right at general meetings of the Company or not less than one hundred Shareholders may provide a written requisition to the Company stating the resolution intended to be proceeded at the general meeting. The requisition must be deposited at the registered office of the Company for the attention of the Company Secretary.

For the avoidance of doubt, shareholder(s) must provide their full name(s), contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law. Shareholders may refer to the Bye-laws for further details of the rights of shareholders.

All resolutions put forward at shareholders' meetings of the Company shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange and the Company after each shareholders' meeting.

## **Procedures for Sending Enquiries to the Board**

Enquiries and suggestions from shareholders or investors to the Board are welcomed by mail to the Company's principal place of business in Hong Kong at Room 1215, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong or by fax (852) 2808 0791 or via email to [axy@anxianyuanchina.com](mailto:axy@anxianyuanchina.com) for the attention of the Company Secretary.

## **SHAREHOLDER COMMUNICATION AND INVESTOR RELATIONS**

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make an informed investment decision.

The Company maintains a website at [www.anxianyuanchina.com](http://www.anxianyuanchina.com) as a communication platform with shareholders and investors, where information and updates on the Group's business developments and operations and other information are available for public access.

# CORPORATE GOVERNANCE REPORT

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives, including annual general meeting, annual report, various notices, announcements and circulars. Procedures for demanding a poll have been included in circulars accompanying notice convening a general meeting and such procedures have been read out by the chairman of the general meeting. Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. It is the Company's general practice that the Chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, their duly appointed delegates, will be available to answer questions at the annual general meeting of the Company. In addition, the Company will invite representatives of the auditor to attend its annual general meeting to answer shareholders' questions about the conduct of the audit, the preparation and contents of the auditor's report, the accounting policies and auditor's independence.

## Shareholders' Communication Policy

The Company has in place a shareholders' communication policy to ensure that shareholders' views and concerns are appropriately addressed.

At the 2023 AGM, all Directors, including the chairmen of the Audit, Remuneration and Nomination Committees, and representatives from the auditor of the Company, BDO Limited, were present for questions from shareholders. There was one general meeting held during the Year.

The Board has reviewed the implementation of the shareholders' communications policy and is satisfied that it is effective for the Board to understand the views and opinion of the shareholders through the available channels.

## Constitutional Documents

For the purpose of (i) conforming with the latest Listing Rules and the applicable laws of Bermuda; (ii) providing the flexibility to the Company in relation to the conduct of general meetings (including allowing the general meetings to be held as a hybrid meeting or an electronic meeting in addition to a physical meeting); and (iii) making other consequential and housekeeping amendments, the Company adopted a new bye-laws ("New Bye-laws") during the year. The adoption of the New Bye-laws was approved by the Shareholders at 2023 AGM held on 11 September 2023. Please refer to the circular of the Company dated 25 July 2023 for details of the amendments. The New Bye-laws is available on the websites of the Company and the Stock Exchange.

Save as disclosed above, there was no other change in the Company's constitutional documents during the Year and up to the date of this annual report.

## Information Disclosure

The Company discloses information in compliance with the Listing Rules and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

## Conclusion

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

# INDEPENDENT AUDITOR'S REPORT



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## TO THE SHAREHOLDERS OF ANXIAN YUAN CHINA HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of Anxian Yuan China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 51 to 122, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Impairment assessment of goodwill

Refer to note 15, and the Group's significant accounting judgements and estimates in relation to impairment assessment of goodwill as set out in note 3(i) to the consolidated financial statements.

As at 31 March 2024, goodwill of the Group amounted to HK\$12,328,000. In accordance with HKFRSs, the Group performed impairment assessment of goodwill on an annual basis. The impairment assessment was based on the recoverable amount of the cash-generating unit ("CGU") to which goodwill was allocated. Management performed the impairment assessment using the value in use calculation based on the discounted cash flows of the relevant CGU. This matter was significant to our audit because the management's assessment process on the discounted cash flows were highly judgmental and were based on assumptions, including discount rates, growth rates and expected changes to selling prices and direct costs, which were affected by expected future market or economic conditions.

The Group's disclosures of the key assumptions used by management for the value in use calculation of the relevant CGU are included in note 15 to the consolidated financial statements.

### *Our responses:*

Our procedures in relation to management's impairment assessment of goodwill included:

- Evaluating the independent valuation firm's competence, capabilities and objectivity;
- Assessing the reasonableness of key assumptions used by management based on our knowledge of the business and industry, in particular those relating to the cash flow forecasts underlying the value in use calculation;
- Checking, on a sample basis, the accuracy and relevance of the data provided by management, such as growth rate and discount rate used;
- Conducting in-depth discussions with management and the independent valuation firm about the cash flow projections used in the value in use calculation and the appropriateness of the significant assumptions and critical judgement areas which affect the value in use calculation; and
- Benchmarking the growth rate and discount rate used in the value in use calculation against independent industry data and comparable companies.

### Revenue recognition for sales of tombs and niches

Refer to note 5 and the Group's accounting policy in relation to revenue recognition as set out in note 2.4(n) to the consolidated financial statements.

For the year ended 31 March 2024, revenue from sales of tombs and niches amounted to HK\$254,494,000, which is approximately 90% of the total revenue of the Group.

We identified the recognition of revenue from sales of tombs and niches as a key audit matter due to the significance of the amount and volume of sales transactions recognised during the year.

The Group's disclosures of revenue from sales of tombs and niches are included in note 5 to the consolidated financial statements.



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Revenue recognition for sales of tombs and niches (Continued)

#### *Our responses:*

Our procedures in relation to revenue recognition for sales of tombs and niches included:

- Obtaining an understanding of the key internal controls relevant to the sales of tombs and niches.
- Selecting sales transactions of tombs and niches on a sample basis and:
  - Examining the signed sales contracts to understand the relevant terms in determining when the right to use tombs and niches has passed to customers;
  - Obtaining evidence regarding the passing of the right to use tombs and niches to customers; and
  - Reconciling the amounts of recorded transactions and related receipts to the signed sale contracts of tombs and niches.

## OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors of the Company in discharging their responsibilities in this regard.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **BDO Limited**

*Certified Public Accountants*

### **Au Yiu Kwan**

Practising Certificate Number P05018

Hong Kong, 21 June 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>REVENUE</b>	5	<b>284,430</b>	340,533
Cost of sales		<b>(76,701)</b>	(86,842)
<b>Gross profit</b>		<b>207,729</b>	253,691
Other income and gains, net	5	<b>8,744</b>	13,521
Selling and distribution expenses		<b>(37,758)</b>	(36,573)
Administrative expenses		<b>(90,322)</b>	(83,595)
Finance costs	7	<b>(675)</b>	(1,003)
<b>PROFIT BEFORE INCOME TAX</b>	6	<b>87,718</b>	146,041
Income tax expense	10	<b>(29,321)</b>	(40,529)
<b>PROFIT FOR THE YEAR</b>		<b>58,397</b>	105,512
Profit for the year attributable to:			
Owners of the Company		<b>57,824</b>	104,921
Non-controlling interests		<b>573</b>	591
		<b>58,397</b>	105,512
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR</b>			
Basic and diluted ( <i>HK cents</i> )	12	<b>2.60</b>	4.72

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>PROFIT FOR THE YEAR</b>		<b>58,397</b>	105,512
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		<b>(33,466)</b>	(71,860)
Release of exchange reserve upon disposal of subsidiaries	32	–	(407)
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 (“FVTOCI”)	16	<b>(1,876)</b>	642
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(35,342)</b>	(71,625)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>23,055</b>	33,887
Total comprehensive income for the year attributable to:			
Owners of the Company		<b>23,730</b>	36,137
Non-controlling interests		<b>(675)</b>	(2,250)
		<b>23,055</b>	33,887

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	68,698	73,352
Right-of-use assets	28	2,979	3,143
Intangible assets	14	408,445	426,057
Goodwill	15	12,328	12,767
Equity investments	16	1,048	2,924
Cemetery assets	17	197,911	207,464
Loan to non-controlling shareholder	22	202	1,329
Total non-current assets		691,611	727,036
<b>CURRENT ASSETS</b>			
Inventories	19	240,059	261,615
Trade receivables	20	1,009	1,023
Prepayments, deposits and other receivables	21	2,610	1,738
Loan to non-controlling shareholder	22	414	657
Fixed time deposits	23	–	57,117
Cash and cash equivalents	23	339,428	283,409
Total current assets		583,520	605,559
<b>CURRENT LIABILITIES</b>			
Trade payables	24	36,456	37,468
Other payables and accruals	25	11,249	10,606
Contract liabilities	26	26,898	24,898
Interest-bearing bank borrowings	27	17,296	27,050
Lease liabilities	28	420	211
Tax payables		55,161	59,739
Total current liabilities		147,480	159,972
<b>NET CURRENT ASSETS</b>		436,040	445,587
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,127,651	1,172,623

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	<i>27</i>	–	17,912
Contract liabilities	<i>26</i>	<b>39,580</b>	32,750
Lease liabilities	<i>28</i>	<b>28</b>	94
Deferred tax liabilities	<i>18</i>	<b>109,372</b>	115,160
Total non-current liabilities		<b>148,980</b>	165,916
<b>NET ASSETS</b>		<b>978,671</b>	1,006,707
<b>EQUITY</b>			
Share capital	<i>29</i>	<b>222,136</b>	222,136
Reserves	<i>30</i>	<b>720,829</b>	748,190
Equity attributable to owners of the Company		<b>942,965</b>	970,326
Non-controlling interests		<b>35,706</b>	36,381
<b>TOTAL EQUITY</b>		<b>978,671</b>	1,006,707

The consolidated financial statements on pages 51 to 122 were approved and authorised for issue by the board of directors on 21 June 2024 and are signed on its behalf by:

**Shi Hua**  
*Director*

**Law Fei Shing**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

Attributable to owners of the Company												
	Equity					Statutory reserve fund*	Exchange fluctuation reserve*	Other reserve*	Retained profits*	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	investments at FVTOCI reserve* HK\$'000	Contributed surplus reserve* HK\$'000	Share at FVTOCI reserve* HK\$'000							
<b>At 1 April 2023</b>	222,136	151,136	258	98,414	49,366	(28,683)	(10,687)	488,386	970,326	36,381	1,006,707	
Profit for the year	-	-	-	-	-	-	-	57,824	57,824	573	58,397	
Other comprehensive income for the year:												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(32,218)	-	-	(32,218)	(1,248)	(33,466)	
Change in fair value of equity investments at FVTOCI (note 16)	-	-	(1,771)	-	-	(105)	-	-	(1,876)	-	(1,876)	
Total comprehensive income for the year	-	-	(1,771)	-	-	(32,323)	-	57,824	23,730	(675)	23,055	
Final dividend declared and paid (note 11)	-	-	-	(33,320)	-	-	-	-	(33,320)	-	(33,320)	
Interim dividend declared and paid (note 11)	-	-	-	(17,771)	-	-	-	-	(17,771)	-	(17,771)	
Transferred from retained profits	-	-	-	-	7,587	-	-	(7,587)	-	-	-	
<b>At 31 March 2024</b>	222,136	151,136	(1,513)	47,323	56,953	(61,006)	(10,687)	538,623	942,965	35,706	978,671	



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company										
	Share capital HK\$'000 (note 29)	Share premium* HK\$'000	Equity investments at FVTOCI reserve* HK\$'000	Contributed surplus reserve* HK\$'000	Statutory reserve fund* HK\$'000 (note 30)	Exchange fluctuation reserve* HK\$'000	Other reserve* HK\$'000	Retained profits* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2022	222,136	151,136	(551)	129,513	40,918	40,910	(10,687)	391,913	965,288	38,631	1,003,919
Profit for the year	-	-	-	-	-	-	-	104,921	104,921	591	105,512
Other comprehensive income for the year:											
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(69,019)	-	-	(69,019)	(2,841)	(71,860)
Release of exchange reserve upon disposal of subsidiaries (note 32)	-	-	-	-	-	(407)	-	-	(407)	-	(407)
Change in fair value of equity investments at FVTOCI (note 16)	-	-	809	-	-	(167)	-	-	642	-	642
Total comprehensive income for the year	-	-	809	-	-	(69,593)	-	104,921	36,137	(2,250)	33,887
Final dividend declared and paid (note 11)	-	-	-	(19,992)	-	-	-	-	(19,992)	-	(19,992)
Interim dividend declared and paid (note 11)	-	-	-	(11,107)	-	-	-	-	(11,107)	-	(11,107)
Transferred from retained profits	-	-	-	-	8,448	-	-	(8,448)	-	-	-
At 31 March 2023	222,136	151,136	258	98,414	49,366	(25,683)	(10,687)	488,386	970,326	36,381	1,006,707

\* These reserve accounts comprise the consolidated reserves as at 31 March 2024 and 2023 in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Notes</i>	<b>2024</b> HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		<b>87,718</b>	146,041
Adjustments for:			
Bank interest income	<i>5</i>	<b>(7,452)</b>	(3,558)
Imputed interest income from loan to non-controlling shareholder	<i>5</i>	<b>(74)</b>	(105)
Gain on disposal of subsidiaries	<i>5/32</i>	<b>–</b>	(51)
Losses on disposals of property, plant and equipment, net	<i>5</i>	<b>53</b>	8
Loss allowance on loan to non-controlling shareholder	<i>6</i>	<b>1,375</b>	–
Finance costs	<i>7</i>	<b>675</b>	1,003
Depreciation on property, plant and equipment	<i>6</i>	<b>7,694</b>	9,042
Depreciation on right-of-use assets	<i>6</i>	<b>2,573</b>	2,284
Amortisation of cemetery assets	<i>6</i>	<b>7,712</b>	7,823
Amortisation of intangible assets	<i>6</i>	<b>2,968</b>	3,649
Operating profit before working capital change		<b>103,242</b>	166,136
Decrease in cemetery assets and inventories		<b>6,209</b>	23,337
Decrease in trade receivables		<b>50</b>	406
Decrease/(Increase) in prepayments, deposits and other receivables		<b>623</b>	(264)
Increase in trade payables		<b>225</b>	4,728
Increase in other payables and accruals		<b>241</b>	2,273
Increase in contract liabilities		<b>13,415</b>	4,971
Cash generated from operations		<b>124,005</b>	201,587
Interest paid		<b>(1,197)</b>	(1,929)
Income tax paid	<i>33</i>	<b>(31,169)</b>	(16,706)
Net cash flows generated from operating activities		<b>91,639</b>	182,952

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>7,452</b>	3,558
Placement of fixed time deposits		–	(57,117)
Withdrawal of fixed time deposits		<b>57,117</b>	–
Purchases of property, plant and equipment	<i>13</i>	<b>(5,709)</b>	(477)
Prepaid lease payments for right-of-use assets		<b>(1,123)</b>	(1,603)
Proceeds from disposal of property, plant and equipment		<b>38</b>	9
Net cash outflow on disposal of subsidiaries	<i>32</i>	–	(1,606)
Net cash flows generated from/(used in) investing activities		<b>57,775</b>	(57,236)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New borrowings raised	<i>33</i>	–	11,423
Repayments of bank borrowings	<i>33</i>	<b>(26,047)</b>	(11,393)
Repayments of principal portion of lease liabilities	<i>33</i>	<b>(2,604)</b>	(2,582)
Dividends paid	<i>11,33</i>	<b>(51,091)</b>	(31,099)
Net cash flows used in financing activities		<b>(79,742)</b>	(33,651)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>69,672</b>	92,065
Cash and cash equivalents at beginning of year		<b>283,409</b>	209,865
Effect of foreign exchange rate changes, net		<b>(13,653)</b>	(18,521)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>339,428</b>	283,409
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	<i>23</i>	<b>310,633</b>	268,169
Short-term deposits	<i>23</i>	<b>28,795</b>	15,240
		<b>339,428</b>	283,409

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. CORPORATE AND GROUP INFORMATION

Anxian Yuan China Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company’s principal place of business in Hong Kong is Room 1215, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out as below. The Company and its subsidiaries’ (collectively referred as the “Group”) principal places of business are in Hong Kong and the People’s Republic of China (the “PRC”).

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation or establishment/ registration and business	Issued and fully paid shares/paid up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Kylinfield Limited	British Virgin Islands/ Hong Kong	US\$100	100%	–	Investment holding
Sino Grandeur Limited	British Virgin Islands/ Hong Kong	US\$1	100%	–	Investment holding
China Boon Holdings Limited	Hong Kong/Hong Kong	HK\$1	–	100%	Investment holding
Anxian Yuan (HK) Limited	Hong Kong/Hong Kong	HK\$1	–	100%	Investment holding
浙江安賢陵園有限責任公司* (Zhejiang Anxian Yuan Company Limited*) (“Zhejiang Anxian Yuan”)	the PRC/Mainland China, Sino-foreign equity joint venture	Renminbi (“RMB”) 85,000,000	–	100%	Cemetery business
Jia Yuan Trading Limited	British Virgin Islands/ Hong Kong	US\$1	–	100%	Investment holding

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Name	Place of incorporation or establishment/ registration and business	Issued and fully paid shares/paid up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hirise Corporation Limited	Hong Kong/Hong Kong	HK\$1	–	100%	Investment holding
安賢園(浙江)投資管理有限公司* (Anxian Yuan (Zhejiang) Investment Management Company Limited <sup>^</sup> ) (“Anxian Yuan (Zhejiang)”)	the PRC/Mainland China, wholly foreign-owned enterprise (“WFOE”)	US\$13,203,988	–	100%	Cemetery business
杭州富亦賢科技有限公司* (Hangzhou Fuyixian Technology Company Limited <sup>^</sup> ) (“Hangzhou Fuyixian”)	the PRC/Mainland China, WFOE	RMB1,000,000	–	100%	Cemetery business
銀川福壽園人文紀念園有限公司* (Yin Chuan Fu Shou Yuan Humanistic Cultural Memorial Park Co., Ltd. <sup>^</sup> ) (“Yin Chuan Fu Shou Yuan”)	the PRC/Mainland China, Sino-foreign equity joint venture	RMB2,200,000	–	70%	Cemetery business
遵義詩鄉大神山生態陵園有限公司* (Zunyi Shixiang Dashenshan Cemeteries Co., Ltd. <sup>^</sup> ) (“Zunyi Dashenshan”)	the PRC/Mainland China, Sino-foreign equity joint venture	RMB50,000,000	–	80%	Cemetery business
杭州安耘物業管理有限公司* (Hangzhou Anyun Property Management Company Limited <sup>^</sup> ) (“Hangzhou Anyun”)	the PRC/Mainland China	RMB2,000,000	–	100%	Property Management

\* Anxian Yuan (Zhejiang), Zhejiang Anxian Yuan, Yin Chuan Fu Shou Yuan, Zunyi Dashenshan, Hangzhou Fuyixian and Hangzhou Anyun are registered under PRC law.

<sup>^</sup> For identification only.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.1 BASIS OF PREPARATION

These financial statements 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 as explained in the material accounting policy information set out in note 2.4.

It should be noted that accounting estimates and assumptions are used in the preparation of these financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group’s financial statements are disclosed in note 3.

The Group’s financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 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 2023.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Except as disclose below, the application of the amendments to HKFRSs that are relevant and effective from 1 April 2023 did not have any significant impact on the Group’s accounting policies and no material effect on the amounts reported and/or disclosures set out in the Group’s financial statements.

### Amendments to HKAS 1 and HKFRS Practice Statement 2 - Disclosure of Accounting Policies

The HKICPA issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. These amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose “significant accounting polices” with “material accounting policy information”. These amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the Group’s financial statements of the Group but affect the disclosure of accounting policies of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.3 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 on the date they become effective.

Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments") <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments") <sup>1,3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

### Amendments to HKAS 1 – 2022 Amendments and 2020 Amendments

Amendments to HKAS 1 Non-current Liabilities with Covenants clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The 2022 Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.

The 2020 Amendments provide clarification that if an entity's right to defer settlement of a liability is subject to compliance with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The 2020 Amendments also clarify the situations that are considered as a settlement of a liability.

### Amendments to HKAS 21 – Lack of Exchangeability

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. These amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying these amendments, an entity cannot restate the comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.3 AMENDED HKFRSs THAT HAVE BEEN ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

### Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The directors of the Company have performed an assessment on the above amendments to standards and have concluded on a preliminary basis that these amendments would not have a significant impact on the Group's financial statements in subsequent years.

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company of the Group and to the non-controlling interests.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in non-controlling interests having a deficit balance.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### (b) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (b) Subsidiaries (Continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### (c) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment assessment of goodwill as at 31 March. For the purpose of impairment assessment, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating unit ("CGU"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill is allocated. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (d) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5% – 6.67% or over the lease term, whichever is shorter
Furniture, fixtures and equipment	20% – 33.33%
Motor vehicles	20% – 25%
Leasehold improvements	20% or over the lease term, whichever is shorter

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### (e) Intangible assets (other than goodwill)

Intangible assets acquired separately represent cemetery operating licences and are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less accumulated amortisation and any impairment losses. Amortisation is charged in accordance with the number of tombs and niches sold.

### (f) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (f) Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated.

### (g) Cemetery assets

Cemetery assets comprises the land cost for leasehold land and cost incurred of landscaping facilities for general public areas of the cemetery, except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, cemetery assets are carried at lower of cost less accumulated amortisation and net realisable value prior to the commencement of the cemetery. Amortisation for cemetery assets is provided on a straight-line basis over the shorter of the remaining lease term of land and the estimated useful life and is recognised in profit or loss.

The principal annual rates used for this purpose are follows:

Land costs	Over the lease term
Tree plantation	5% or over the lease term, whichever is shorter
Landscape and roads	2.5% or over the lease term, whichever is shorter

Upon commencement of development of the cemetery with the intention of sale in the ordinary course of business of the Group, the related carrying amounts of cemetery assets are transferred to inventories.

### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories mainly comprising cemetery assets developed with the intention of sale in the ordinary course of business of the Group and tombstone which are determined on the weighted average cost method and first-in first-out method respectively and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### (i) Financial instruments

#### (i) Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

**Amortised cost:** These assets arise principally from the portion of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. These are subsequently measured using effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (i) Financial instruments (Continued)

#### (i) Financial assets (Continued)

The Group's financial assets measured at amortised cost comprise trade receivables, deposits and other receivables, loan to non-controlling shareholder, fixed time deposits and cash and cash equivalents in the statement of financial position.

Fair value through other comprehensive income ("FVTOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. These are subsequently measured at fair value. Interest income calculated using effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments.

The Group's financial assets measured at FVTOCI comprise equity investment in the consolidated statement of financial position.

#### *Impairment of financial assets*

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables and other financial assets measured at amortised cost.

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

For other financial assets measured at amortised cost, ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (i) Financial instruments (Continued)

#### (i) Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

The Group assumes that the credit risk on a financial asset has increased if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); and (2) the financial asset is more than 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of bank borrowings, net of directly attributable transaction costs.

After initial recognition, interest-bearing bank borrowings are subsequently measured at amortised cost, using effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

The Group's financial liabilities comprise trade payables, other payables and accruals, interest-bearing bank borrowings and lease liabilities in the statement of financial position.

#### (iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

### (i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the Group's statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including short-term deposits, and assets similar in nature to cash, which are not restricted as to use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (k) Leasing

All leases (irrespective of whether they are operating leases or finance leases) are required to be capitalised in the Group's statement of financial position as right-of-use assets and lease liabilities.

#### ***Right-of-use asset***

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets for the lease properties under tenancy agreements at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use asset in which the Group is reasonably certain to obtain ownership of the underlying lease assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Leasehold lands in the cemetery assets which are classified as right-of-use assets are measured under HKFRS 16 at the lower of cost less accumulated amortisation and recoverable amount prior to the commencement of the development of the cemetery and transfer to inventories upon commencement of development.

The Group presents right-of-use assets that do not meet the definition of cemetery assets or inventories as a separate line item in the Group's statement of financial position.

#### ***Lease liability***

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (k) Leasing (Continued)

#### *Lease liability (Continued)*

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group presents lease liabilities as a separate line item in the Group's statement of financial position.

### (l) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

### (m) Income tax

Income tax comprises current and deferred tax.

Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (n) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Various sources of revenue of the Group is recognised on the following bases:

- (a) Sales of tombs and niches (i.e. contracts with multiple performance obligations, including allocation of transaction price), customers obtain control of the tombs and niches when they are delivered to and have been accepted by the customers being when the right to use the tombs and niches has passed. Revenue is thus recognised at that point in time.

For contracts that contain more than one performance obligations (sales of tombs and niches together with provision of cemetery management services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer;



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (n) Revenue recognition (Continued)

- (b) Income from burial services is recognised over time as those services are provided;
- (c) Management fee income which are bundled with sales of tombs and niches set out in note (a) above is recognised over time based on the allocated transaction price and amortised on a straight line basis over the contract terms. Management fee income separately billed after the expiration of a stated period set out in the sales contracts of tombs and niches is recognised over time on a straight line basis over the contract terms; and
- (d) Interest income, on an accrual basis using effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial assets.

### (o) Other employee benefits

#### *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for unused annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

#### *Pension scheme*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government.

### (p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (q) Dividends

Final dividends are recognised as liabilities when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as liabilities when they are proposed and declared.

### (r) Foreign currencies

The Group's financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the Group's statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

The functional currencies of certain overseas subsidiaries and an associate are currencies other than the Hong Kong dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the average exchange rates for the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 2.4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### (s) Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Group's financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### (i) Impairment assessment of goodwill

The Group assesses whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2024 was HK\$12,328,000 (2023: HK\$12,767,000). Further details are given in note 15 to the consolidated financial statements.

### (ii) Useful lives of property, plant and equipment, cemetery assets and intangible assets

The Group determines the estimated useful lives and related depreciation or amortisation charges for its property, plant and equipment, cemetery assets and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment, cemetery assets and intangible assets of similar nature and functions. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will increase the depreciation or amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. The useful lives of property, plant and equipment, cemetery assets and intangible assets are disclosed in notes 2.4(d), (g) and (e) to the consolidated financial statements respectively.

### (iii) Impairment assessment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### (iv) Impairment assessment of financial assets at amortised costs

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For other financial assets at amortised cost, measurement of ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets at amortised cost is disclosed in note 39(iii) to the consolidated financial statements.

### (v) Income tax, other taxes and deferred tax

The Group is subject to income taxes in Hong Kong and the PRC and other taxes in the PRC. Significant judgement is required in determining the provision for taxes and the timing of payment of the related taxes. There are certain transactions and calculations for which the ultimate tax determination from the relevant local tax bureaus is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded if any, such differences will impact the tax provision in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 4. OPERATING SEGMENT INFORMATION

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

### Geographical information

#### (a) Disaggregated revenue from external customers

	2024 HK\$'000	2023 HK\$'000
The PRC	284,430	340,533

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

#### (b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	350	188
The PRC	690,011	722,595
	690,361	722,783

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 2024, no (2023: Nil) revenue from a single customer accounted for 10% or more of the Group's revenue.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE, OTHER INCOME AND GAINS

### (i) 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).

	2024 HK\$'000	2023 HK\$'000
<b>Revenue by products and services</b>		
Sales of tombs and niches	254,494	307,778
Management fee income	5,144	4,195
Burial services	24,792	28,560
	<b>284,430</b>	<b>340,533</b>
<b>Timing of revenue recognition</b>		
At point in time	254,494	307,778
Over time	29,936	32,755
	<b>284,430</b>	<b>340,533</b>
<b>Other income and gains, net</b>		
Losses on disposals of property, plant and equipment, net	(53)	(8)
Gain on disposal of subsidiaries ( <i>note 32</i> )	–	51
Government grants ( <i>note</i> )	261	185
Bank interest income	7,452	3,558
Imputed interest income from loan to non-controlling shareholder	74	105
Recovery of bad debts on other receivables	–	8,725
Others	1,010	905
	<b>8,744</b>	<b>13,521</b>

*Note:* The government grants for the year ended 31 March 2024 represented the grants mainly in relation to PRC taxable subsidies and eco-friendly cemetery cash incentives, of which the Group complied with all attached conditions and therefore such grants were recognised as other income during the year.

The government grants for the year ended 31 March 2023 mainly in relation to the Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Company’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group did not have other unfulfilled obligations relating to this program.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### (ii) Performance obligation for contracts with customers

#### ***Sales of tombs and niches with management services (multiple performance obligations)***

For contracts entered into with customers on sales of tombs and niches, the relevant tombs and niches specified in the contracts have no alternative use to the Group. Taking into consideration of the relevant legal precedent, the Group concluded that it does not have an enforceable right to payment prior to transfer of the right to use of tombs and niches to customers. Revenue from sales of tombs and niches is therefore recognised at a point in time when the tombs and niches are transferred to customers, being at the point that the customer obtains the right to use of tombs and niches and the Group has present right to payment and collection of the consideration is probable.

The cemetery management service is considered to be a distinct service. Transaction price is allocated between sales of tombs and niches and the management services on a relative stand-alone selling price basis. An explicit management fee will be received after the expiration of a stated period set out in sales contracts of tombs and niches. Revenue relating to the management services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight line basis over the period of service.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

#### ***Provision of burial services***

Burial services represented revenues from miscellaneous services such as the organising and conducting of burial rituals, the design and landscaping of the burial sites and additional engraving fee. Revenue relating to these burial services is recognised over time.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 6. PROFIT BEFORE INCOME TAX

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

	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold recognised as expense	58,285	66,638
Cost of services provided	7,779	8,733
Employee benefit expense (excluding directors' and chief executives' remuneration ( <i>note 8</i> )):		
– Wages and salaries**	39,030	39,804
Amortisation of intangible assets ( <i>note 14</i> )*	2,968	3,649
Amortisation of cemetery assets ( <i>note 17</i> )*	7,712	7,823
Auditor's remuneration	940	950
Depreciation:		
– Property, plant and equipment ( <i>note 13</i> )	7,694	9,042
– Right-of-use assets ( <i>note 28</i> )	2,573	2,284
Recovery of bad debts on other receivables	–	(8,725)
Loss allowance on loan to non-controlling shareholder ( <i>note 22</i> )	1,375	–

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

\*\* For the year ended 31 March 2024, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (2023: Nil). As at 31 March 2024, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the MPF Scheme (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities ( <i>note 28</i> )	36	35
Interest on interest-bearing bank borrowings	1,233	1,929
Less: Interest capitalised	(594)	(961)
	<b>675</b>	1,003

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.48% (2023: 4.76%) per annum to the expenditure on qualifying assets.

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2024 HK\$'000	2023 HK\$'000
Fees	516	507
Other emoluments:		
Salaries, allowances and benefits in kind	4,359	4,356
Performance related bonuses	363	363
Pension scheme contributions	36	36
	<b>4,758</b>	4,755
	<b>5,274</b>	5,262

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

### (a) Independent non-executive directors

	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Total remuneration HK\$'000
<b>2024</b>			
Mr. Chan Koon Yung	159	13	172
Mr. Lum Pak Sum	159	13	172
Ms. Hung Wan Fong, Joanne	159	13	172
	<b>477</b>	<b>39</b>	<b>516</b>
<b>2023</b>			
Mr. Chan Koon Yung	156	13	169
Mr. Lum Pak Sum	156	13	169
Ms. Hung Wan Fong, Joanne	156	13	169
	<b>468</b>	<b>39</b>	<b>507</b>

There were no (2023: Nil) other emoluments payable to the independent non-executive directors during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

### (b) Executive directors and non-executive director

	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>2024</b>				
<b>Executive directors:</b>				
Mr. Shi Hua	1,560	130	–	1,690
Mr. Shi Jun	1,320	110	18	1,448
Mr. Law Fei Shing	1,320	110	18	1,448
	<b>4,200</b>	<b>350</b>	<b>36</b>	<b>4,586</b>
<b>Non-executive director:</b>				
Mr. Wang Hongjie (Resigned on 30 April 2024)	159	13	–	172
	<b>159</b>	<b>13</b>	<b>–</b>	<b>172</b>
	<b>4,359</b>	<b>363</b>	<b>36</b>	<b>4,758</b>
<b>2023</b>				
<b>Executive directors:</b>				
Mr. Shi Hua	1,560	130	–	1,690
Mr. Shi Jun	1,320	110	18	1,448
Mr. Law Fei Shing	1,320	110	18	1,448
	<b>4,200</b>	<b>350</b>	<b>36</b>	<b>4,586</b>
<b>Non-executive director:</b>				
Mr. Wang Hongjie (Resigned on 30 April 2024)	156	13	–	169
	<b>156</b>	<b>13</b>	<b>–</b>	<b>169</b>
	<b>4,356</b>	<b>363</b>	<b>36</b>	<b>4,755</b>

There was no (2023: Nil) arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2023: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2023: two) highest paid employees who are neither an executive director nor chief executive are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	1,497	1,464
Performance related bonuses	122	122
Pension scheme contributions	36	36
	<b>1,655</b>	1,622

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2024	2023
HK\$1 to HK\$1,000,000	2	2

## 10. 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 (2023: Nil).

No (2023: Nil) provision for Hong Kong profits tax has been made as the Group had no (2023: 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% (2023: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 10. INCOME TAX EXPENSE (CONTINUED)

The major components of income tax expense are as follows:

	2024 HK\$'000	2023 HK\$'000
Current tax – PRC Corporate Income Tax		
– Tax for the year in the PRC	28,342	39,456
PRC dividend withholding tax	2,937	4,058
Deferred tax ( <i>note 18</i> )	(1,958)	(2,985)
	<b>29,321</b>	<b>40,529</b>

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:

	2024 HK\$'000	2023 HK\$'000
Profit before income tax	87,718	146,041
Tax at the statutory tax rate of 25% (2023: 25%)	21,929	36,511
Effect of withholding tax on distributable profit of the Group's PRC subsidiaries	2,937	4,058
Tax effect of different taxation rates in other tax jurisdictions	1,706	91
Tax effect of non-taxable income	(418)	(886)
Tax effect of non-deductible expenses	1,809	4,115
Tax effect of tax losses not recognised	1,982	689
Tax effect of utilisation of tax losses not previously recognised	(624)	(4,049)
Income tax expense	<b>29,321</b>	<b>40,529</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 11. DIVIDENDS

### (i) Dividends declared to equity shareholders of the Company attributable to the year:

	2024 HK\$'000	2023 HK\$'000
Interim dividend declared and paid of HK0.8 cent (2023: HK0.5 cent) per ordinary share	17,771	11,107
Final dividend proposed of HK1.3 cents (2023: HK1.5 cents) per ordinary share after the end of the reporting period	28,878	33,320
	<b>46,649</b>	44,427

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

### (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2024 HK\$'000	2023 HK\$'000
Final dividend paid in respect of the previous financial year, approved and paid during the year, of HK1.5 cents (2023: HK0.9 cent) per share	33,320	19,992

The proposed final and interim dividends in respect of year ended 31 March 2023 and six months period ended 30 September 2023 respectively was paid as appropriations of contributed surplus reserve of the Company during the year ended 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 12. 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 2,221,363,000 (2023: 2,221,363,000) in issue during the year.

There was no potential dilutive ordinary shares outstanding during the years ended 31 March 2024 and 2023 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:

	2024 HK\$'000	2023 HK\$'000
<b>Earnings</b>		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	<b>57,824</b>	104,921

	2024 Number of shares ( '000)	2023 Number of shares ( '000)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in basic and diluted earnings per share calculation	<b>2,221,363</b>	2,221,363



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
<b>Cost:</b>					
<b>At 1 April 2022</b>	138,640	12,918	11,939	3,685	167,182
Additions	–	115	338	24	477
Disposals	(6)	(278)	(1,185)	–	(1,469)
Disposal of subsidiaries ( <i>note 32</i> )	(14,337)	(30)	(3,476)	–	(17,843)
Exchange realignment	(10,927)	(929)	(972)	(249)	(13,077)
<b>At 31 March 2023 and 1 April 2023</b>	<b>113,370</b>	<b>11,796</b>	<b>6,644</b>	<b>3,460</b>	<b>135,270</b>
Additions	–	1,315	1,964	2,430	5,709
Disposals	–	(300)	(1,331)	–	(1,631)
Exchange realignment	(3,903)	(392)	(220)	(100)	(4,615)
<b>At 31 March 2024</b>	<b>109,467</b>	<b>12,419</b>	<b>7,057</b>	<b>5,790</b>	<b>134,733</b>
<b>Accumulated depreciation:</b>					
<b>At 1 April 2022</b>	(46,286)	(7,943)	(7,638)	(2,149)	(64,016)
Charged for the year ( <i>note 6</i> )	(6,347)	(1,102)	(1,083)	(510)	(9,042)
Disposals	6	278	1,168	–	1,452
Disposal of subsidiaries ( <i>note 32</i> )	2,323	28	2,591	–	4,942
Exchange realignment	3,511	562	539	134	4,746
<b>At 31 March 2023 and 1 April 2023</b>	<b>(46,793)</b>	<b>(8,177)</b>	<b>(4,423)</b>	<b>(2,525)</b>	<b>(61,918)</b>
Charged for the year ( <i>note 6</i> )	(5,135)	(1,200)	(729)	(630)	(7,694)
Disposals	–	300	1,240	–	1,540
Exchange realignment	1,593	267	103	74	2,037
<b>At 31 March 2024</b>	<b>(50,335)</b>	<b>(8,810)</b>	<b>(3,809)</b>	<b>(3,081)</b>	<b>(66,035)</b>
<b>Net carrying amount:</b>					
<b>At 31 March 2023</b>	66,577	3,619	2,221	935	73,352
<b>At 31 March 2024</b>	<b>59,132</b>	<b>3,609</b>	<b>3,248</b>	<b>2,709</b>	<b>68,698</b>

As at 31 March 2024, no (2023:Nil) property, plant and equipment was pledged for interest-bearing bank borrowings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 14. INTANGIBLE ASSETS

	HK\$'000
<b>Cost:</b>	
<b>At 1 April 2022</b>	501,773
Exchange realignment	(36,919)
<b>At 31 March 2023 and 1 April 2023</b>	<b>464,854</b>
Exchange realignment	<b>(15,968)</b>
<b>At 31 March 2024</b>	<b>448,886</b>
<b>Accumulated amortisation:</b>	
<b>At 1 April 2022</b>	(37,929)
Charged for the year ( <i>note 6</i> )	(3,649)
Exchange realignment	2,781
<b>At 31 March 2023 and 1 April 2023</b>	<b>(38,797)</b>
Charged for the year ( <i>note 6</i> )	<b>(2,968)</b>
Exchange realignment	<b>1,324</b>
<b>At 31 March 2024</b>	<b>(40,441)</b>
<b>Net carrying amount:</b>	
<b>At 31 March 2023</b>	426,057
<b>At 31 March 2024</b>	<b>408,445</b>

Intangible assets represent cemetery operating licences, which were acquired through business combinations of Zhejiang Anxian Yuan in the year of 2010, and with Yin Chuan Fu Shou Yuan and Zunyi Dashenshan in the year of 2016.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 15. GOODWILL

	HK\$'000
<b>Cost:</b>	
<b>At 1 April 2022</b>	13,611
Exchange realignment	(844)
<b>At 31 March 2023 and 1 April 2023</b>	<b>12,767</b>
Exchange realignment	(439)
<b>At 31 March 2024</b>	<b>12,328</b>
<b>Accumulated impairment:</b>	
<b>At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024</b>	–
<b>Net carrying amount:</b>	
<b>At 31 March 2023</b>	12,767
<b>At 31 March 2024</b>	<b>12,328</b>

The carrying amounts of the respective CGU's goodwill are as follows:

	2024 HK\$'000	2023 HK\$'000
Yin Chuan Fu Shou Yuan	<b>12,328</b>	12,767

Impairment assessment was based on the recoverable amount of the CGU. In the opinion of the directors of the Company, there is no (2023: Nil) impairment of the above CGU to which goodwill is allocated as at 31 March 2024.

The recoverable amount of the above CGU is determined based on the value in use calculation performed by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professional valuer. The key assumptions for the value in use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the forecast period. Management estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the CGU. The growth rates are by reference to industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

### Major underlying assumptions are summarised below:

Value in use calculation uses cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period (2023: five-year period) and a pre-tax discount rate of 16.20% (2023: 16.30%). Cash flows beyond that five-year period have been extrapolated using declining growth rates until a steady 3% (2023: 3%) growth rate is reached. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 16. EQUITY INVESTMENTS

	2024 HK\$'000	2023 HK\$'000
Unlisted equity investments, at fair value		
Shanghai Langtai Hospital Logistics Management Co., Ltd. ("Shanghai Langtai") (note (i))	717	2,581
Hangzhou Zhianyun Technology Service Co., Ltd. ("Hangzhou Zhianyun") (note (ii))	331	343
	<b>1,048</b>	2,924

### Notes:

- (i) As at 31 March 2024 and 2023, the fair values of the equity investments of Shanghai Langtai were estimated by the directors of the Company by using market approach with the following key parameters:

	2024	2023
Price sales ratio	2.3	5.2
Price book ratio	1.1	2.1
Discount for lack of control	30%	30%
Discount for lack of marketability	25%	25%

- (ii) On 18 March 2022, the Group invested in 5% of equity interests of Hangzhou Zhianyun with the consideration of RMB300,000, and this equity investment was measured at FVTOCI. Hangzhou Zhianyun is primarily engaged in information technology services. The fair value is determined by net assets value approach, with the amount of RMB300,000 (equivalent to HK\$331,000) (2023: RMB300,000 (equivalent to HK\$343,000)) as at 31 March 2024.

The fair value loss of approximately HK\$1,876,000 (2023: gain of approximately HK\$642,000) was recognised as other comprehensive income in consolidated statement of comprehensive income for the year ended 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 17. CEMETERY ASSETS

	Leasehold lands HK\$'000	Landscape facilities HK\$'000	Total HK\$'000
<b>Cost:</b>			
<b>At 1 April 2022</b>	22,663	274,459	297,122
Additions	–	5,700	5,700
Transferred to inventories	(396)	(2,236)	(2,632)
Exchange realignment	(1,667)	(20,698)	(22,365)
<b>At 31 March 2023 and 1 April 2023</b>	<b>20,600</b>	<b>257,225</b>	<b>277,825</b>
Additions	–	7,853	7,853
Transferred to inventories	(267)	(2,444)	(2,711)
Exchange realignment	(708)	(9,085)	(9,793)
<b>At 31 March 2024</b>	<b>19,625</b>	<b>253,549</b>	<b>273,174</b>
<b>Accumulated amortisation:</b>			
<b>At 1 April 2022</b>	(2,467)	(65,176)	(67,643)
Charged for the year (note 6)	(415)	(7,408)	(7,823)
Eliminated on transfers	84	131	215
Exchange realignment	1,129	3,761	4,890
<b>At 31 March 2023 and 1 April 2023</b>	<b>(1,669)</b>	<b>(68,692)</b>	<b>(70,361)</b>
Charged for the year (note 6)	(407)	(7,305)	(7,712)
Eliminated on transfers	59	299	358
Exchange realignment	70	2,382	2,452
<b>At 31 March 2024</b>	<b>(1,947)</b>	<b>(73,316)</b>	<b>(75,263)</b>
<b>Net carrying amount:</b>			
<b>At 31 March 2023</b>	18,931	188,533	207,464
<b>At 31 March 2024</b>	<b>17,678</b>	<b>180,233</b>	<b>197,911</b>

Cemetery assets mainly represent land costs of leasehold lands and the construction cost of public facilities in the cemetery.

The carrying amount of leasehold lands is measured under HKFRS 16 at the lower of cost less accumulated amortisation and recoverable amount prior to the commencement of the development of the cemetery. The leasehold lands are amortised on a straight-line basis over lease term of 50 years.

Landscape facilities represent the construction cost of public facilities in the cemetery. Amortisation for landscape facilities is provided on a straight-line basis over the shorter of the remaining lease term of land and estimated useful life of 20 to 40 years.

Upon commencement of development of an area within the cemetery, the related carrying amounts of cemetery assets are transferred to inventories.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 18. DEFERRED TAX

Movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Withholding tax HK\$'000	Interest capitalisation HK\$'000	Total HK\$'000
<b>At 1 April 2022</b>	(112,662)	(6,226)	(12,527)	(131,415)
Deferred tax credited/(charged) to profit or loss during the year ( <i>note 10</i> )	1,096	(1,256)	2,496	2,336
Exchange realignment	8,126	455	7	8,588
<b>At 31 March 2023 and 1 April 2023</b>	<b>(103,440)</b>	<b>(7,027)</b>	<b>(10,024)</b>	<b>(120,491)</b>
Deferred tax credited/(charged) to profit or loss during the year ( <i>note 10</i> )	829	(277)	1,206	1,758
Exchange realignment	3,556	241	215	4,012
<b>At 31 March 2024</b>	<b>(99,055)</b>	<b>(7,063)</b>	<b>(8,603)</b>	<b>(114,721)</b>

### Deferred tax assets

	Contract liabilities and others HK\$'000	Write-down of inventories to net realisable value HK\$'000	Total HK\$'000
<b>At 1 April 2022</b>	4,600	452	5,052
Deferred tax credited to profit or loss during the year ( <i>note 10</i> )	649	–	649
Exchange realignment	(337)	(33)	(370)
<b>At 31 March 2023 and 1 April 2023</b>	<b>4,912</b>	<b>419</b>	<b>5,331</b>
Deferred tax credited to profit or loss during the year ( <i>note 10</i> )	200	–	200
Exchange realignment	(168)	(14)	(182)
<b>At 31 March 2024</b>	<b>4,944</b>	<b>405</b>	<b>5,349</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 18. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(109,372)</b>	(115,160)

The Group has tax losses arising in Hong Kong of HK\$214,091,000 (2023: HK\$202,062,000) as at 31 March 2024, subject to the agreement with the Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of losses which have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	2024 HK\$'000	2023 HK\$'000
Tax losses	<b>222,556</b>	222,266

Deferred tax assets have not been recognised in respect of tax losses amounting to HK\$222,556,000 (2023: HK\$222,266,000) as at 31 March 2024. The tax losses amounting to HK\$8,465,000 (2023: HK\$20,204,000) as at 31 March 2024 will expire within the next 5 years for offsetting against future taxable profits. The tax losses of HK\$214,091,000 (2023: HK\$202,062,000) as at 31 March 2024 are available indefinitely for offsetting against future taxable profits in Hong Kong. Deferred tax assets have not been recognised as it is not considered probable that taxable profits will be available against which the above tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, 5% or 10% (2023: 5% or 10%) withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007.

The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

Pursuant to the resolution of the board of directors of the Company, part of the PRC subsidiaries' profits generated from 1 January 2008 onwards will be retained by the PRC subsidiaries for use in future operations or investments in the PRC. In the opinion of the directors of the Company, it is not probable that the PRC subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised approximate to HK\$167,702,000 (2023: HK\$148,391,000) in aggregate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 19. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Inventories – Tombs	240,059	261,615

As at 31 March 2024, inventories of approximately HK\$176,124,000 (2023: HK\$185,662,000) were expected to be recovered in more than one year.

## 20. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	1,009	1,023

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

Trade receivables are unsecured and non interest-bearing.

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:

	2024 HK\$'000	2023 HK\$'000
Within 60 days	279	267
61 to 180 days	–	–
Over 1 year	730	756
	1,009	1,023

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

	2024 HK\$'000	2023 HK\$'000
Neither past due nor impaired	279	267
Past due more than one year but less than two years	–	–
Past due more than two years	730	756
	1,009	1,023

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 39(iii).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments	1,021	1,114
Deposits and other receivables	1,589	624
	<b>2,610</b>	1,738

Quantitative disclosures in respect of the Group's exposure to credit risk arising from deposits and other receivables are set out in note 39(iii).

The directors of the Company consider that the fair value of deposits and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because of the short maturity periods on their inception.

## 22. LOAN TO NON-CONTROLLING SHAREHOLDER

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

	2024 HK\$'000	2023 HK\$'000
Current	1,338	657
Non-current	653	1,329
	<b>1,991</b>	1,986
Less: loss allowance recognised for the year ( <i>note 6</i> )	<b>(1,375)</b>	–
	<b>616</b>	1,986
Analysed into:		
Current portion	1,338	657
Less: loss allowance recognised for the year	<b>(924)</b>	–
	<b>414</b>	657
Non-current portion	653	1,329
Less: loss allowance recognised for the year	<b>(451)</b>	–
	<b>202</b>	1,329

Quantitative disclosures in respect of the Group's exposure to credit risk arising from loan to non-controlling shareholder are set out in note 39(iii).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 23. FIXED TIME DEPOSITS/CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Fixed time deposits <i>(note (i))</i>	–	57,117
Cash and cash equivalents: <i>(note (ii))</i>		
Cash and bank balances	310,633	268,169
Short-term deposits	28,795	15,240
	<b>339,428</b>	283,409

As at 31 March 2024, fixed time deposits and cash and cash equivalents of the Group denominated in RMB amounted to HK\$308,478,000 (2023: HK\$238,578,000). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

*Notes:*

- (i) The effective annual interest rate and maturities of fixed time deposits at 31 March 2024 and 2023 are as follows:

	2024	2023
Effective annual interest rate	N/A	1.9%
Maturity	N/A	180 days

- (ii) Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. All cash and bank balances held at each of the reporting dates were deposited in the reputable banks and financial institutions in Hong Kong and the PRC.

The effective interest rates of the Group's short-term deposits as at 31 March 2024 is 5.4% (2023: 4.8%) per annum and have original maturity period is 90 days (2023: 30 days).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 24. TRADE PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	<b>36,456</b>	37,468

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

	2024 HK\$'000	2023 HK\$'000
Within 90 days	<b>18,730</b>	9,650
91 to 180 days	<b>3,363</b>	7,010
181 to 365 days	<b>3,205</b>	5,057
Over 1 year	<b>11,158</b>	15,751
	<b>36,456</b>	37,468

Trade payables are non interest-bearing and are normally settled on terms ranging from 30 days to 365 days.

## 25. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Accruals	<b>9,455</b>	9,336
Deposits received	<b>55</b>	55
Other payables	<b>1,739</b>	1,215
	<b>11,249</b>	10,606

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 26. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
<b>At 1 April</b>	<b>57,648</b>	57,257
Additions during the year	<b>78,230</b>	27,577
Released to profit or loss	<b>(67,391)</b>	(22,983)
Exchange realignment	<b>(2,009)</b>	(4,203)
<b>At 31 March</b>	<b>66,478</b>	57,648

	2024 HK\$'000	2023 HK\$'000
Analysed into:		
Current	<b>26,898</b>	24,898
Non-current	<b>39,580</b>	32,750
	<b>66,478</b>	57,648

Contract liabilities represent management fees received in advance in respect of tombs and niches sold of HK\$46,307,000 (2023: HK\$36,742,000) and deposits received from sales of tombs and niches of HK\$20,171,000 (2023: HK\$20,906,000) which remain as contract liabilities until such time as the service or sales transaction completed to date outweigh the amount received.

As at 31 March 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$66,478,000 (2023: HK\$57,648,000). This amount represents revenue expected to be recognised in the future. The expected timing of revenue recognition when the performance obligation is completed by the Group as at 31 March 2024 is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	<b>26,898</b>	24,898
More than one year but less than five years	<b>16,748</b>	10,943
Over five years	<b>22,832</b>	21,807
	<b>66,478</b>	57,648

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 27. INTEREST-BEARING BANK BORROWINGS

	2024		
	Effective interest rate (%)	Repayment dates	HK\$'000
<b>Current</b>			
Current portion of long-term bank loans – Secured ( <i>note (a)</i> )	4.75	July 2024	17,296
2023			
	Effective interest rate (%)	Repayment dates	HK\$'000
<b>Current</b>			
Current portion of long-term bank loans – Secured ( <i>note (a)</i> )	4.75	April 2023 – March 2024	15,627
Bank loans – Unsecured	5.00	June 2023	11,423
			<u>27,050</u>
<b>Non-current</b>			
Non-current portion of long-term bank loans – Secured ( <i>note (a)</i> )	4.75	July 2024	17,912
			<u>44,962</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 27. INTEREST-BEARING BANK BORROWINGS (CONTINUED)

	2024 HK\$'000	2023 HK\$'000
Based on the repayment schedules and analysed into		
Bank loans repayable:		
Within one year	17,296	27,050
In the second year	–	17,912
	<b>17,296</b>	<b>44,962</b>

Notes:

- (a) As at 31 March 2024, the Group's bank loans amounting to HK\$17,296,000 (2023: HK\$33,539,000) are secured by 98.38% equity interests in a subsidiary of the Company and properties owned by a related company in which one of the executive directors has control, together with the rental income receivables from these properties (2023: 98.38% equity interests in a subsidiary of the Company and properties owned by a related company in which one of the executive directors has control, together with the rental income receivables from these properties).
- (b) All borrowings are denominated in RMB.

## 28. RIGHT-OF-USE ASSETS, LEASE LIABILITIES AND LEASES

The Group leases various offices, sales centers and staff quarters for its operations. Lease contracts are entered into for fixed term of 1 to 10 (2023: 1 to 10) years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

### Right-of-use assets

The analysis of the net carrying amount of leased properties recognised as right-of-use assets is as follows:

	HK\$'000
<b>As at 1 April 2022</b>	1,751
Additions	2,254
Renewal	1,502
Depreciation charged (note 6)	(2,284)
Exchange realignment	(80)
<b>As at 31 March 2023 and 1 April 2023</b>	<b>3,143</b>
Additions	42
Renewal	2,402
Depreciation charged (note 6)	(2,573)
Exchange realignment	(35)
<b>As at 31 March 2024</b>	<b>2,979</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. RIGHT-OF-USE ASSETS, LEASE LIABILITIES AND LEASES (CONTINUED)

### Lease liabilities

The present value of future lease payments of the Group's leases are analysed as:

	2024 HK\$'000	2023 HK\$'000
Current	420	211
Non-current	28	94
	<b>448</b>	<b>305</b>

Movement of the Group's lease liabilities is analysed as follows:

	HK\$'000
<b>As at 1 April 2022</b>	918
Additions	651
Renewal	1,305
Interest expenses ( <i>note 7</i> )	35
Lease payments	(2,582)
Exchange realignment	(22)
	<b>305</b>
<b>As at 31 March 2023 and 1 April 2023</b>	<b>305</b>
Renewals	2,721
Interest expenses ( <i>note 7</i> )	36
Lease payments	(2,604)
Exchange realignment	(10)
	<b>448</b>
<b>As at 31 March 2024</b>	<b>448</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 28. RIGHT-OF-USE ASSETS, LEASE LIABILITIES AND LEASES (CONTINUED)

### Lease liabilities (Continued)

The future lease payments of the Group's leases were scheduled to be repaid as follows:

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
<b>As at 31 March 2024</b>			
Not later than one year	432	(12)	420
Later than one year but not later than five years	29	(1)	28
	<b>461</b>	<b>(13)</b>	<b>448</b>
<b>As at 31 March 2023</b>			
Not later than one year	227	(16)	211
Later than one year but not later than five years	98	(4)	94
	<b>325</b>	<b>(20)</b>	<b>305</b>

## 29. SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
Issued and fully paid: 2,221,363,000 (2023: 2,221,363,000) ordinary shares	<b>222,136</b>	222,136

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

	Number of shares ( '000)	Nominal value HK\$'000
Issued and fully paid: <b>Aa at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024</b>	<b>2,221,363</b>	<b>222,136</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 55 to 56 of the financial statements.

### Statutory reserve fund

In accordance with the relevant PRC regulations applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate a certain portion (not less than 10%), as determined by their Boards of Directors, of their profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until such reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

In accordance with the relevant regulations and the articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its net profit (after offsetting accumulated losses from prior years) to the statutory surplus reserve. After the balance of such reserve reaches 50% of the entity's capital, any further appropriation is at the discretion of the Company. The statutory surplus reserve can be utilised to offset accumulated losses or increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after such usages.

### Distributable reserve

For dividend purposes, the amounts which the PRC companies can legally distribute by way of dividend are determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with PRC GAAP. These profits differ from those that are reflected in these financial statements which are prepared in accordance with HKFRSs.

In accordance with the Company Law of the PRC, profits after tax of the PRC companies can be distributed as dividends after the appropriation to the SRF as set out above.

## 31. SHARE OPTION SCHEME

During the year, the Company operates share option schemes on 28 August 2018 (the "2018 Share Option Scheme").

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 31. SHARE OPTION SCHEME (CONTINUED)

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

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

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

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

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

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing shares. The share options do not confer rights on the holders to dividends or to vote at Shareholders’ meetings.

During the year ended 31 March 2024, no (2023: Nil) share option has been granted under the 2018 Share Option Scheme. No (2023: Nil) share option was outstanding as at 31 March 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 32. DISPOSAL OF SUBSIDIARIES

On 24 November 2022, a sale and purchase agreement was signed between Kylinfield Limited, a wholly-owned subsidiary of the Company, with an independent third party, to dispose 100% equity shares of Grand Elegant Limited, an indirect wholly-owned subsidiary of the Company, together with two wholly-owned subsidiaries, China Boon Landscape Design (Hangzhou) Co. Ltd. and China Boon Landscape Design (Ningbo) Co., Ltd. established in the PRC (the "Disposal Group") with a consideration of HK\$4,750,000.

The Disposal Group was principally engaged in the business of providing maintenance and management service to Zhejiang Anxian Yuan, Yin Chuan Fu Shou Yuan and Zunyi Dashenshan. It was not constituted as discontinued operation in accordance to HKFRS 5.

Total net assets disposed of in respect of the Disposal Group at date of disposal were as follows:

	HK\$'000
<b>Net assets disposed of:</b>	
Property, plant and equipment	12,901
Prepayments, deposits and other receivables	345
Amount due from ultimate holding company	4,156
Cash and cash equivalents	2,200
Trade payables	(6,968)
Other payables	(95)
Interest bearing bank and other borrowings	(7,620)
Tax payables	(627)
	4,292
Release of exchange reserve upon disposal of subsidiaries	407
Gain on disposal of subsidiaries	51
	4,750
Total consideration	4,750
Less: Amount due from ultimate holding company	(4,156)
	594

An analysis of the net cash flow arising on disposal of the subsidiaries was as follows:

	HK\$'000
Total cash consideration received	594
Cash and cash equivalents disposed of	(2,200)
	(1,606)
<b>Net cash outflows arising from the disposal of subsidiaries</b>	<b>(1,606)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities:

	Interest- bearing bank borrowings HK\$'000	Dividend payable HK\$'000	Lease liabilities HK\$'000
<b>At 1 April 2022</b>	48,532	–	918
<b>Changes arising from cash flows:</b>			
New borrowings raised	11,423	–	–
Repayments of bank borrowings	(11,393)	–	–
Repayments of principal portion of lease liabilities	–	–	(2,582)
Dividend paid	–	(31,099)	–
<b>Other changes:</b>			
Additions	–	–	651
Renewals	–	–	1,305
Interest expense	968	–	35
Interest paid under operating activities	(1,929)	–	–
Capitalised finance costs	961	–	–
Disposal of subsidiaries ( <i>note 32</i> )	(7,620)	–	–
Dividend declared/approved	–	31,099	–
Exchange realignment	4,020	–	(22)
<b>At 31 March 2023 and 1 April 2023</b>	<b>44,962</b>	<b>–</b>	<b>305</b>
<b>Changes arising from cash flows:</b>			
Repayments of bank borrowings	<b>(26,047)</b>	–	–
Repayments of principal portion of lease liabilities	–	–	<b>(2,604)</b>
Dividends paid	–	<b>(51,091)</b>	–
<b>Other changes:</b>			
Renewals	–	–	<b>2,721</b>
Interest expense	<b>639</b>	–	<b>36</b>
Interest paid under operating activities	<b>(1,233)</b>	–	–
Capitalised finance costs	<b>594</b>	–	–
Dividends declared/approved	–	<b>51,091</b>	–
Exchange realignment	<b>(1,619)</b>	–	<b>(10)</b>
<b>At 31 March 2024</b>	<b>17,296</b>	<b>–</b>	<b>448</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

The total taxes paid during the year were:

	2024 HK\$'000	2023 HK\$'000
Operating activities:		
Taxes paid in the PRC	31,169	16,706

## 34. COMMITMENTS

As at 31 March 2024, the Group did not have any significant capital commitments (2023: Nil).

## 35. 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

	2024 HK\$'000	2023 HK\$'000
Consultancy fee to a related company in which one of the executive directors has control ( <i>notes (i) and (ii)</i> )	792	820
Rental payment to a related company in which one of the executive directors has control ( <i>notes (i) and (iii)</i> )	968	1,003
Carpark fee to a related company in which a close family member of one of the executive directors has control ( <i>notes (i) and (iv)</i> )	60	60

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 35. RELATED PARTY TRANSACTIONS (CONTINUED)

### (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. Details of the key management remuneration are set out in note 8 to the consolidated financial statements.

## 36. NON-CONTROLLING INTERESTS

As at 31 March 2024, Yin Chuan Fu Shou Yuan and Zunyi Dashenshan, a 70% and 80% owned subsidiaries of the Group respectively, have material non-controlling interests (the "NCI"). Except the above mentioned, the NCI of all other subsidiaries of the Group that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Yin Chuan Fu Shou Yuan before intra-group eliminations, is presented below:

	2024 HK\$'000	2023 HK\$'000
<b>For the year ended 31 March</b>		
Revenue	29,573	32,843
Profit/(Loss) for the year	657	(2,558)
Total comprehensive income	(2,165)	(9,299)
Loss allocated to NCI	(650)	(2,789)
<b>For the year ended 31 March</b>		
Cash flows generated from operating activities	3,089	5,889
Cash flows (used in)/generated from investing activities	(511)	13
Cash flows used in financing activities	(126)	(109)
Effect of foreign exchange rate changes, net	229	(75)
Net cash inflow	2,681	5,718
	2024 HK\$'000	2023 HK\$'000
<b>As at 31 March</b>		
Current assets	28,330	23,016
Non-current assets	88,923	94,991
Current liabilities	(3,510)	(3,089)
Non-current liabilities	(33,698)	(32,706)
Net assets	80,045	82,212
Accumulated non-controlling interests	24,014	24,664

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 36. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in relation to the NCI of Zunyi Dashenshan before intra-group eliminations, is presented below:

	2024 HK\$'000	2023 HK\$'000
<b>For the year ended 31 March</b>		
Revenue	30,723	35,688
Profit for the year	1,880	6,793
Total comprehensive income	(127)	2,698
(Loss)/Profit allocated to NCI	(25)	539
<b>For the year ended 31 March</b>		
Cash flows (used in)/generated from operating activities	(542)	3,469
Cash flows used in investing activities	(356)	(163)
Effect of foreign exchange rate changes, net	(171)	(133)
Net cash (outflow)/inflow	(1,069)	3,173
<b>As at 31 March</b>		
Current assets	26,026	25,115
Non-current assets	116,500	126,434
Current liabilities	(72,036)	(80,776)
Non-current liabilities	(12,032)	(12,190)
Net assets	58,458	58,583
Accumulated non-controlling interests	11,692	11,717

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 37. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**31 March 2024**

### *Financial assets*

	At amortised cost HK\$'000	At FVTOCI HK\$'000	Total HK\$'000
Equity investments ( <i>note 16</i> )	–	1,048	1,048
Trade receivables ( <i>note 20</i> )	1,009	–	1,009
Financial assets included in prepayments, deposits and other receivables ( <i>note 21</i> )	1,589	–	1,589
Loan to non-controlling shareholder ( <i>note 22</i> )	616	–	616
Cash and cash equivalents ( <i>note 23</i> )	339,428	–	339,428
	<b>342,642</b>	<b>1,048</b>	<b>343,690</b>

### *Financial liabilities*

	At amortised cost HK\$'000
Trade payables ( <i>note 24</i> )	36,456
Financial liabilities included in other payables and accruals ( <i>note 25</i> )	11,194
Interest-bearing bank borrowings ( <i>note 27</i> )	17,296
Lease liabilities ( <i>note 28</i> )	448
	<b>65,394</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 37. FINANCIAL INSTRUMENTS BY CATEGORIES (CONTINUED)

31 March 2023

### Financial assets

	At amortised cost HK\$'000	At FVTOCI HK\$'000	Total HK\$'000
Equity investments (note 16)	–	2,924	2,924
Trade receivables (note 20)	1,023	–	1,023
Financial assets included in prepayments, deposits and other receivables (note 21)	624	–	624
Loan to non-controlling shareholder (note 22)	1,986	–	1,986
Fixed time deposits (note 23)	57,117	–	57,117
Cash and cash equivalents (note 23)	283,409	–	283,409
	344,159	2,924	347,083

### Financial liabilities

	At amortised cost HK\$'000
Trade payables (note 24)	37,468
Financial liabilities included in other payables and accruals (note 25)	10,551
Interest-bearing bank borrowings (note 27)	44,962
Lease liabilities (note 28)	305
	93,286

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, fixed time deposits, trade receivables, trade payables, financial assets included in deposits and other receivables, loan to non-controlling shareholder and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the lease liabilities and the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms and characteristic, credit risk and remaining maturities. The Group's own non-performance risk for lease liabilities and interest-bearing bank borrowings as at 31 March 2024 was assessed to be insignificant.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial assets:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active market Level 1 HK\$'000	Significant observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000 (note)	
<b>31 March 2024</b>				
Financial assets				
Unlisted equity securities, at fair value				
– Shanghai Langtai	–	–	717	717
– Hangzhou Zhianyun	–	–	331	331
	–	–	1,048	1,048
<b>31 March 2023</b>				
Financial assets				
Unlisted equity securities, at fair value				
– Shanghai Langtai	–	–	2,581	2,581
– Hangzhou Zhianyun	–	–	343	343
	–	–	2,924	2,924

*Note:* The Group's unlisted equity securities at fair value is denominated in RMB and the fair value of Shanghai Langtai and Hangzhou Zhianyun is determined by using valuation technique of market approach and net assets value approach respectively, which includes unobservable inputs that are not based on observable market data (note 16).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy (Continued)

The movements in fair value measurements in Level 3 during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets at fair value through other comprehensive income – Unlisted equity securities</b>		
<b>At beginning of the year</b>	<b>2,924</b>	2,282
Fair value change	<b>(1,771)</b>	809
Exchange realignment	<b>(105)</b>	(167)
<b>At end of the year</b>	<b>1,048</b>	2,924

The fair value of the unlisted equity securities is Level 3 recurring fair value measurement. During the year ended 31 March 2024, there have been no (2023: Nil) transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy (Continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Valuation technique	Significant unobservable inputs	Value of input	Relationship of unobservable inputs to fair value
<b>At 31 March 2024</b>				
Unlisted equity securities, at fair value				
- Shanghai Langtai	Market approach	Price sales ratio	2.3	A shift of +/-5% in price sales ratio, would result in change of fair value by +/-HK\$29,000
		Price book ratio	1.1	A shift of +/-5% in price book ratio, would result in change of fair value by +/- HK\$6,000
		Discount for lack of marketability	30%	A shift of +/-5% in the discount for lack of marketability, would result in change of fair value by -/+ HK\$20,000
		Discount for lack of control	25%	A shift of +/-5% in the discount for lack of control, would result in change of fair value by -/+ HK\$24,000
- Hangzhou Zhianyun	Net assets value method	Net assets value	RMB300,000 (equivalent to HK\$331,000)	A shift of +/-5% in the net assets value, would result in change of fair value by +/- RMB15,000 (equivalent to HK\$17,000)
<b>At 31 March 2023</b>				
Unlisted equity securities, at fair value				
- Shanghai Langtai	Market approach	Price sales ratio	5.2	A shift of +/-5% in price sales ratio, would result in change of fair value by +/-HK\$111,000
		Price book ratio	2.1	A shift of +/-5% in price book ratio, would result in change of fair value by +/-HK\$18,000
		Discount for lack of marketability	30%	A shift of +/-5% in the discount for lack of marketability, would result in change of fair value by -/+ HK\$86,000
		Discount for lack of control	25%	A shift of +/-5% in the discount for lack of control, would result in change of fair value by -/+ HK\$72,000
- Hangzhou Zhianyun	Net assets value method	Net assets value	RMB300,000 (equivalent to HK\$343,000)	A shift of +/-5% in the net assets value, would result in change of fair value by +/- RMB15,000 (equivalent to HK\$17,000)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities.

The Group does not have written risk management policies and guidelines. Generally, the Group employs a conservative strategy regarding its risk management. Financial risk management is coordinated at the Group's headquarter, in close co-operation with the board of directors periodically. Overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels. As the Group's exposure to market risk (including currency risk and interest rate risk), credit risk and liquidity risk are kept at a minimum level, the Group has not used significant derivative or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed are discussed below.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

### (i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has interest-bearing assets (fixed time deposits (note 23), cash at banks (note 23) and loan to non-controlling shareholder (note 22)) and interest-bearing liabilities (bank borrowings (note 27) and lease liabilities (note 28)) carried at effective interest rates with reference to the market. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has not used significant financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Group's fixed time deposits, cash at banks, loan to non-controlling interest and lease liabilities is considered minimal.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates of increase or decrease in 50 basis points (2023: 50 basis points), with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity except for retained profits.

	<b>(Decrease)/Increase in profit before tax and retained profits HK\$'000</b>	
<b>31 March 2024</b>	<b>(150)</b>	<b>150</b>
31 March 2023	(181)	181

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (ii) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group's business transactions, assets and liabilities are denominated in HK\$ and RMB and the functional currencies of the Group's principal operating entities are HK\$ and RMB.

The Group currently does not have a formal foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and considers hedging significant foreign currency exposure should the need arise.

In January 2024, the Group entered into several short-term foreign currency forward contracts with a bank in Hong Kong to manage the currency risks. Upon maturity of the foreign currency forward contracts, the Group agreed to convert US\$3,731,000 to HK\$29,096,000 (i.e. pay US\$3,731,000 and receive HK\$29,096,000) upon predetermined dates. Forward prices and spot rates available at the reporting date were used to estimate the fair value of the foreign currency forward contract as at the reporting date. The fair value of the foreign currency forward contracts was insignificant and had not been recognised as derivatives in the consolidated statement of financial position as at 31 March 2024.

The Company did not have significant exposure to foreign currency risk both at 31 March 2024 and 2023.

The policies to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

### (iii) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The carrying amounts of financial assets at amortised cost presented in the Group's statement of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables.

Follow-up actions are taken in case of overdue balances on an ongoing basis. In addition, management monitors and reviews the recoverable amount of the receivables individually or collectively at each reporting date to ensure that adequate losses allowances are made for irrecoverable amounts. It is not the Group's policy to request collateral from its customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group had no concentrations of credit risk (2023: Nil) and none (2023: Nil) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively, within the cemetery business segment. However, management of the Group closely monitors the progress of collecting the payments from the customers and reviews the overdue balances regularly. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (iii) Credit risk (Continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

ECL rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group concluded that ECL rates and the impact of ECLs on trade receivables are insignificant as at 31 March 2024 and 2023.

Other financial assets at amortised cost of the Group includes deposits and other receivables, loan to non-controlling shareholder, fixed time deposits and cash and cash equivalents. Apart from loan to non-controlling shareholder, there is no increase in credit risk, the loss allowance recognised during the year was therefore limited to 12-month ECLs. Management considers the probability of default is low on deposits and other receivables since the counterparties are in good credit quality. Besides, management considers the probability of default is low on bank balances since they are placed at the financial institutions with good credit rating. Loss allowance of HK\$1,375,000 (2023: Nil) is provided for loan to non-controlling shareholder based on lifetime ECLs due to the increase of credit risk as a result of default event occurred during the year. Apart from this, the Group concluded that there is no other significant impact of ECLs on other financial assets at amortised cost as at 31 March 2024 and 2023.

As at 31 March 2024 and 2023, there is no financial guarantees issued by the Group.

### (iv) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade payables, other payables and accruals, lease liabilities, bank borrowings and also cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed credit lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs on a consolidated basis by carefully monitoring the cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on day to day and week to week basis. Long-term liquidity needs for 180-day and 365-day lookout periods are identified monthly.

The Group's liquidity is mainly dependent upon the cash received from its trade customers and fund raising activities. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (iv) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>31 March 2024</b>				
Trade payables	36,456	–	36,456	36,456
Other payables and accruals	11,194	–	11,194	11,194
Interest-bearing bank borrowings	18,118	–	18,118	17,296
Lease liabilities	432	29	461	448
	<b>66,200</b>	<b>29</b>	<b>66,229</b>	<b>65,394</b>

	Within 1 year or on demand HK\$'000	More than 1 year HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>31 March 2023</b>				
Trade payables	37,468	–	37,468	37,468
Other payables and accruals	10,551	–	10,551	10,551
Interest-bearing bank borrowings	29,214	19,505	48,719	44,962
Lease liabilities	227	98	325	305
	<b>77,460</b>	<b>19,603</b>	<b>97,063</b>	<b>93,286</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (v) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, prevailing and projected capital expenditures and projected strategic investment opportunity and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

The Group regards total equity attributable to the owners of the Company presented on the face of the consolidated statement of financial position as capital, for capital management purposes. The amount of capital as at 31 March 2024 was approximately HK\$978,671,000 (2023: HK\$1,006,707,000), which management considers as optimal having considered the projected capital expenditures and the forecast strategic investment opportunities.

The Group is not subject to externally imposed capital requirements.

The net debt to equity ratios at the end of the reporting periods are as follows:

	2024 HK\$'000	2023 HK\$'000
Interest-bearing bank borrowings	17,296	44,962
Lease liabilities	448	305
Less: Fixed time deposits	–	(57,117)
Cash and cash equivalents	(339,428)	(283,409)
Net equity	(321,684)	(295,259)
<b>Total equity</b>	<b>978,671</b>	<b>1,006,707</b>
<b>Gearing ratio (%)</b>	<b>N/A</b>	<b>N/A</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1	6
Right-of-use assets		349	28
Investments in subsidiaries		9	9
Total non-current assets		<b>359</b>	43
<b>CURRENT ASSETS</b>			
Deposits and other receivables		507	593
Amounts due from subsidiaries		492,985	508,542
Cash and cash equivalents		1,715	1,922
Total current assets		<b>495,207</b>	511,057
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		1,099	1,144
Lease liabilities		329	29
Total current liabilities		<b>1,428</b>	1,173
<b>NET CURRENT ASSETS</b>		<b>493,779</b>	509,884
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>494,138</b>	509,927
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		28	–
Total non-current liabilities		<b>28</b>	–
<b>NET ASSETS</b>		<b>494,110</b>	509,927
<b>EQUITY</b>			
Share capital	29	222,136	222,136
Reserves ( <i>Note</i> )		271,974	287,791
<b>TOTAL EQUITY</b>		<b>494,110</b>	509,927

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Contributed surplus reserve* HK\$'000	(Accumulated losses)/ Retained profits HK\$'000	Total HK\$'000
<b>At 1 April 2022</b>	151,136	129,513	(13,814)	266,835
Final dividend declared and paid ( <i>note 11</i> )	–	(19,992)	–	(19,992)
Interim dividend declared and paid ( <i>note 11</i> )	–	(11,107)	–	(11,107)
Total comprehensive income for the year	–	–	52,055	52,055
<b>At 31 March 2023 and 1 April 2023</b>	<b>151,136</b>	<b>98,414</b>	<b>38,241</b>	<b>287,791</b>
Final dividend declared and paid ( <i>note 11</i> )	–	(33,320)	–	(33,320)
Interim dividend declared and paid ( <i>note 11</i> )	–	(17,771)	–	(17,771)
Total comprehensive income for the year	–	–	35,274	35,274
<b>At 31 March 2024</b>	<b>151,136</b>	<b>47,323</b>	<b>73,515</b>	<b>271,974</b>

\* Under the Companies Law of the Bermuda, contributed surplus reserve is distributable to owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

## GLOSSARY

In this annual report (other than the independent auditor's report and financial statements from pages 46 to 122), 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
CG Code	the Corporate Governance Code as set out in Appendix C1 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

# GLOSSARY

Independent Non-executive Director(s)	the independent non-executive Director(s)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
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 2024
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