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

(incorporated in Bermuda with limited liability)

(Stock Code: 0922)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the Year together with the comparative figures for the year ended 31 March 2018 as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	5	**223,120**	206,609
Cost of sales		**(79,486)**	(51,686)
Gross profit		**143,634**	154,923
Other income and gains	5	**4,995**	1,729
Selling and distribution expenses		**(21,076)**	(19,185)
Administrative expenses		**(86,901)**	(82,693)
Finance costs	7	**(5,387)**	(15,754)
Share of profits of an associate		**139**	19
PROFIT BEFORE INCOME TAX	6	**35,404**	39,039
Income tax expense	8	**(18,366)**	(21,749)
PROFIT FOR THE YEAR		**17,038**	17,290
Profit/(Loss) for the year attributable to:			
Owners of the Company		**17,082**	16,730
Non-controlling interests		**(44)**	560
		17,038	17,290
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR			(restated)
Basic *(HK cents)*	9	**2.31**	2.36
Diluted *(HK cents)*	9	**2.31**	2.36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**17,038**	17,290
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(47,996)**	71,735
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(47,996)**	71,735
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(30,958)**	89,025
Total comprehensive income for the year attributable to:		
Owners of the Company	**(27,615)**	83,589
Non-controlling interests	**(3,343)**	5,436
	(30,958)	89,025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**114,454**	125,172
Investment properties		**–**	243
Intangible assets	11	**451,028**	485,877
Goodwill	12	**13,029**	13,948
Investment in an associate		**–**	4,764
Equity investments		**2,332**	–
Available-for-sale investments		**–**	2,496
Cemetery assets	13	**232,830**	261,268
Total non-current assets		**813,673**	893,768
CURRENT ASSETS			
Inventories	14	**245,670**	235,351
Trade receivables	15	**912**	1,559
Prepayments, deposits and other receivables	16	**3,456**	13,590
Cash and cash equivalents		**34,999**	47,836
Total current assets		**285,037**	298,336
CURRENT LIABILITIES			
Trade payables	17	**33,953**	29,817
Other payables and accruals	18	**7,515**	41,958
Deferred income		**–**	3,491
Contract liabilities		**23,684**	–
Interest-bearing bank and other borrowings	19	**74,941**	36,525
Amounts due to non-controlling shareholders		**2,827**	924
Tax payables		**21,429**	17,693
Total current liabilities		**164,349**	130,408
NET CURRENT ASSETS		**120,688**	167,928
TOTAL ASSETS LESS CURRENT LIABILITIES		**934,361**	1,061,696

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*19*	**137,341**	226,424
Deferred income		**–**	14,738
Contract liabilities		**17,250**	–
Deferred tax liabilities		**121,678**	131,106
Total non-current liabilities		**276,269**	372,268
NET ASSETS		**658,092**	689,428
EQUITY			
Share capital	*20*	**74,055**	740,545
Reserves		**536,911**	(101,964)
Equity attributable to owners of the Company		**610,966**	638,581
Non-controlling interests		**47,126**	50,847
TOTAL EQUITY		**658,092**	689,428

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.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2018.

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 15	*Revenue from Contracts with Customers (Clarifications to HKFRS 15)*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC) – Int 22	*Foreign Currency Transactions and Advance Consideration*

(a) HKFRS 9 – Financial Instruments

(i) Classification and measurement of financial instruments

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

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity 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. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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.
At FVOCI (equity instruments)	These are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not re-classified to profit or loss.

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

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 31 March 2018 under HKAS 39**	**Carrying amount as at 1 April 2018 under HKFRS 9**
			HK$'000	*HK$'000*
Available-for-sale investments	Available-for-sale financial assets *(note 2(a)(i)(A))*	Equity investments at FVOCI	2,496	2,496
Trade receivables	Loans and receivables *(note 2(a)(ii))*	At amortised cost	1,559	1,559
Deposits and other receivables	Loans and receivables *(note 2(a)(ii))*	At amortised cost	10,075	10,075
Cash and cash equivalents	Loans and receivables *(note 2(a)(ii))*	At amortised cost	47,836	47,836

(A) As at 1 April 2018, investment in equity securities of HK$2,496,000 that was previously classified as available-for-sale investments at cost under HKAS 39 have been designated at the date of initial application as equity investments at FVOCI upon the adoption of HKFRS 9. Unlike HKAS 39, accumulated fair value reserve related to these investments is not reclassified to profit or loss. The fair value of the equity investments as at 1 April 2018, estimated by the directors of the Company, is approximately to HK$2,496,000.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables and other financial assets at amortised cost, earlier than HKAS 39.

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

Measurement of ECLs

The Group's financial assets which are subject to the new ECLs model include trade receivables, deposits and other receivables and cash and cash equivalents. The Group is required to revise its impairment methodology under HKFRS 9 for these financial assets.

ECLs are a probability-weighted estimate of credit losses and are measured as the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

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.

Other financial assets at amortised cost are measured as 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. 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 and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly 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); or (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.

Maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Impact of the ECLs model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which recognises a lifetime ECLs for trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Other financial assets at amortised cost of the Group includes deposits and other receivables and cash and cash equivalents. Since 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 of good credit quality and no historical default is noted. Besides, management considers the probability of default is low on cash and cash equivalents since they are placed at financial institutions with good credit rating. The Group has assessed and concluded that impact of ECLs on trade receivables, deposits and other receivables, and cash and cash equivalents are insignificant as at 1 April 2018.

(iii) Hedge accounting

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

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from adoption of HKFRS 9, if any, are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9:

– The determination of the business model within which a financial asset is held; and

– The designation of certain investments in equity investments not held for trading as at FVOCI.

(b) HKFRS 15 – Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

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

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

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or services in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) when the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(b) when the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) when the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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

The Group has adopted HKFRS 15 using cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated losses at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for 2018 is not restated.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Notes	**Product/service**	**Nature of the goods or services and satisfaction of performance obligations**	**Nature of change in accounting policy and impact on 1 April 2018**
(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 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 obligation (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.	HKFRS 15 did not result in significant impact on the Group's accounting policies on revenue recognition.

Notes	**Product/service**	**Nature of the goods or services and satisfaction of performance obligations**	**Nature of change in accounting policy and impact on 1 April 2018**
(b)	Provision of burial services	Revenue is recognised over time as those services are provided.	HKFRS 15 did not result in significant impact on the Group's accounting policies on revenue recognition.
(c)	Provision of cemetery management services	Revenue from such services 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. Cemetery management service fee 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.	HKFRS 15 did not result in significant impact on the Group's accounting policies on revenue recognition.
(d)	Sales of funeral supplies	Customers obtain control of the funeral supplies when they are delivered to and has been accepted by the customers being when control of funeral supplies has passed. Revenue is thus recognised upon when the customers accepted the funeral supplies.	HKFRS 15 did not result in significant impact on the Group's accounting policies on revenue recognition.

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

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

	HKAS 18 – carrying amount at 31 March 2018	Reclassifications	HKFRS 15 – carrying amount at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Deferred income	3,491	(3,491)	–
Other payables and accruals	41,958	(23,569)	18,389
Contract liabilities*	–	27,060	27,060
Non-current liabilities			
Deferred income	14,738	(14,738)	–
Contract liabilities*	–	14,738	14,738

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

The following table summarises the impact of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and its consolidated statement of cash flows for the year then ended for each of the line items affected. Line items that were not affected by the changes have not been included. There is no impact of applying HKFRS 15 on the consolidated statement of profit or loss for the current year.

	Without adoption of HKFRS 15	Reclassifications under HKFRS 15	As reported
	HK$'000	HK$'000	HK$'000
As at 31 March 2019			
As extracted from consolidated statement of financial position:			
Current liabilities			
Deferred income	3,646	(3,646)	–
Other payables and accruals	27,553	(20,038)	7,515
Contract liabilities	–	23,684	23,684
Non-current liabilities			
Deferred income	17,250	(17,250)	–
Contract liabilities	–	17,250	17,250
For the year ended 31 March 2019			
As extracted from consolidated statement of cash flows:			
Operating profit before working capital changes:			
Decrease in other payables and accruals and deferred income	(7,466)	864	(6,602)
Decrease in contract liabilities	–	(864)	(864)

(c) Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on the financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

(d) Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this year.

(e) Amendments to HKAS 40 – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The adoption of these amendments has no impact on the financial statements as the clarified treatment is consistent with the manner in which the Group has previously assessed transfers.

(f) HK(IFRIC) – Int 22 – Foreign Currency Transactions and Advance Consideration

This provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretation specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of these amendments has no significant impact on the financial statements as the Group has not paid or received any consideration, in advance, in a foreign currency.

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

The following new or 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.

HKFRS 16	*Leases*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	*Amendments to HKAS 12, Income Taxes*[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	*Amendments to HKAS 23, Borrowing Costs*[1]
Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]

Notes:

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

2 Effective for annual periods beginning on or after 1 January 2020.

Further information about these HKFRSs that are expected to be applicable to the Group is described below. The actual impacts upon adoption could be different to these below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right-to-use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease commitment of the Group in respect of land and buildings as at 31 March 2019 amounted to HK$4,321,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use assets and a corresponding liability in respect of all these leases unless they quality for low value or short-term leases upon the application of HKFRS 16. Right-of-use assets and lease liabilities of HK$3,682,000 and HK$3,682,000 are expected to be recorded in the consolidated statement of position as at 1 April 2019. In the consolidated statement of profit or loss, as the leases will be capitalised in future, operating lease expenses will no longer be recorded for these leases while depreciation and interest expenses will increase due to the depreciation charge on the right-of-use asset and the interest expenses on the lease liability. In addition, more quantitative and qualitative disclosure about the lease will be made following the requirements of HKFRS 16.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarify that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

Amendments to HKFRS 3 – Definition of a Business

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

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

	2019	2018
	HK$'000	*HK$'000*
The People's Republic of China ("PRC")	**223,120**	206,609

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

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**1,566**	550
The PRC	**809,775**	890,722
	811,341	891,272

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

Information about major customers

No revenue from a single customer accounted for 10% or more of the Group's revenue during the year ended 31 March 2019 (2018: Nil).

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).

	2019	2018
	HK$'000	*HK$'000*
Revenue by products and services		
Sales of tombs and niches	**199,585**	183,156
Management fee income	**3,066**	2,873
Burial services	**20,163**	19,617
Sales of funeral supplies	**306**	963
	223,120	206,609
Timing of revenue recognition		
At point in time	**199,891**	184,119
Over time	**23,229**	22,490
	223,120	206,609
Other income and gains		
Gain on disposal of investment properties	**2,446**	–
Gain on disposal of property, plant and equipment, net	**95**	106
Bank interest income	**238**	234
Fair value gain of the derivative component of convertible bonds	**–**	1,000
Write back of other payables	**753**	–
Recovery of bad debt of other receivable	**116**	–
Exchange gains, net	**384**	–
Others	**963**	389
	4,995	1,729

6. PROFIT BEFORE INCOME TAX

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

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**61,988**	36,462
Cost of services provided	**7,121**	5,709
Employee benefit expense (excluding directors' and chief executives' remuneration):		
– Wages and salaries	**41,369**	37,810
Amortisation of intangible assets *(note 11)* *	**2,821**	3,071
Amortisation of cemetery assets *(note 13)* *	**7,556**	6,444
Auditor's remuneration	**800**	1,339
Depreciation:		
– Property, plant and equipment *(note 10)*	**10,677**	9,957
– Investment properties	**227**	307
Write-off of other receivables	**4,985**	–
Loss on disposal of a subsidiary	**824**	–
Loss on disposal of an associate	**2,149**	–
Exchange losses, net	**–**	853
Minimum lease payments under operating leases	**3,725**	5,513

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest on interest-bearing bank and other borrowings (including convertible bonds)	**18,348**	27,172
Less: Interest capitalised	**(12,961)**	(11,418)
	5,387	15,754

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.72% per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate.

Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in that jurisdiction (2018: Nil).

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year (2018: Nil).

Provision for the PRC current income tax is based on the statutory rate of 25% (2018: 25%) of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The major components of income tax expense are as follows:

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Income tax in the PRC for the year	**19,849**	17,601
Deferred tax	**(1,483)**	4,148
Total income tax expenses for the year	**18,366**	21,749

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:

	2019	2018
	HK$'000	*HK$'000*
Profit before income tax	**35,404**	39,039
Tax at the statutory tax rate of 25%	**8,851**	9,760
Effect of withholding tax on distributable profit of the Group's PRC subsidiaries	**(2,227)**	2,063
Tax effect of different taxation rates in other tax jurisdictions	**(354)**	3,188
Tax effect of non-taxable income	**(13)**	(165)
Tax effect of non-deductible expenses	**6,116**	4,071
Tax effect of unrecognised tax losses from prior years utilised	**–**	(976)
Tax effect of tax losses not recognised	**5,877**	3,265
Under-provision in respect of prior years	**116**	543
Income tax expenses	**18,366**	21,749

9. EARNINGS PER SHARE 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 740,545,000 (2018: 708,186,000 (restated)) in issue during the year.

There was no potential dilutive ordinary shares outstanding during the year ended 31 March 2019 and hence the diluted earnings per share is the same as basic earnings per share.

For the year ended 31 March 2018, the calculation of the diluted earnings per share was based on the profit for the year attributable to owners of the Company, adjusted to reflect the interest on the convertible bonds and the fair value gain on the derivative component of convertible bonds over the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share presented for the year ended 31 March 2018 as the impact of convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**17,082**	16,730
Interest on convertible bonds	**–**	2,873
Less: Fair value gain of the derivative component of convertible bonds *(note 5)*	**–**	(1,000)
Profit attributable to owners of the Company before the effect of convertible bonds	**17,082**	18,603*

	Number of shares 2019 ('000)	Number of shares 2018 ('000) (restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**740,545**	708,186
Effect of dilution – weighted average number ordinary shares:		
Convertible bonds	**–**	4,208
	740,545#	712,394#*

\# *The shares consolidation pursuant to the shareholders' resolutions dated 29 August 2018 is adjusted in the weighted average number of ordinary shares in issue as if the share consolidation had occurred at 1 April 2017, the beginning of the earliest period reported.*

* *Because the diluted earnings per share was increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year ended 31 March 2018 and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share was based on the profit attributable to owners of the Company for the year ended 31 March 2018 of HK$16,730,000 over the weighted average number of ordinary shares of 708,186,000 in issue during the year ended 31 March 2018.*

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture, fixtures and equipment	Motor vehicles	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:					
At 1 April 2017	99,633	6,406	12,248	1,099	119,386
Additions	22,323	4,401	328	16	27,068
Disposals	(378)	–	(1,920)	–	(2,298)
Exchange realignment	10,761	639	1,152	63	12,615
At 31 March 2018 and 1 April 2018	**132,339**	**11,446**	**11,808**	**1,178**	**156,771**
Additions	**4,380**	**623**	**2,984**	**317**	**8,304**
Disposal of a subsidiary	**–**	**(119)**	**(233)**	**–**	**(352)**
Disposals	**–**	**(307)**	**(2,530)**	**(517)**	**(3,354)**
Exchange realignment	**(8,724)**	**(721)**	**(673)**	**(44)**	**(10,162)**
At 31 March 2019	**127,995**	**10,922**	**11,356**	**934**	**151,207**
Accumulated depreciation:					
At 1 April 2017	(10,883)	(2,673)	(6,202)	(987)	(20,745)
Charged for the year *(note 6)*	(6,189)	(1,779)	(1,949)	(40)	(9,957)
Disposals	270	–	1,409	–	1,679
Exchange realignment	(1,515)	(340)	(670)	(51)	(2,576)
At 31 March 2018 and 1 April 2018	**(18,317)**	**(4,792)**	**(7,412)**	**(1,078)**	**(31,599)**
Charged for the year *(note 6)*	**(6,990)**	**(1,224)**	**(2,343)**	**(120)**	**(10,677)**
Disposal of a subsidiary	**–**	**93**	**170**	**–**	**263**
Disposals	**–**	**307**	**2,498**	**517**	**3,322**
Exchange realignment	**1,201**	**286**	**414**	**37**	**1,938**
At 31 March 2019	**(24,106)**	**(5,330)**	**(6,673)**	**(644)**	**(36,753)**
Net carrying amount:					
At 31 March 2018	114,022	6,654	4,396	100	125,172
At 31 March 2019	**103,889**	**5,592**	**4,683**	**290**	**114,454**

As at 31 March 2019, certain property, plant and equipment with an aggregate net carrying amount of HK$18,402,000 (2018: Nil) were pledged for certain interest-bearing bank and other borrowings (note 19(e) and (f)).

11. INTANGIBLE ASSETS

	HK$'000
Cost:	
At 1 April 2017	458,371
Exchange realignment	49,506
At 31 March 2018 and 1 April 2018	**507,877**
Exchange realignment	**(33,476)**
At 31 March 2019	**474,401**
Accumulated amortisation:	
At 1 April 2017	(16,932)
Charged for the year *(note 6)*	(3,071)
Exchange realignment	(1,997)
At 31 March 2018 and 1 April 2018	**(22,000)**
Charged for the year *(note 6)*	**(2,821)**
Exchange realignment	**1,448**
At 31 March 2019	**(23,373)**
Net carrying amount:	
At 31 March 2018	485,877
At 31 March 2019	**451,028**

Intangible assets represent cemetery operating licences, which were acquired through business combinations with Zhejiang Anxian Yuan Company Limited in the year of 2010, and with Yin Chuan Fu Shou Yuan Humanistic Cultural Memorial Park Co. Ltd. ("Yin Chuan Fu Shou Yuan") and Zunyi Shixiang Dashenshan Cemeteries Co. Ltd. in the year of 2016.

12. GOODWILL

	HK$'000
Cost:	
At 1 April 2017	12,589
Exchange realignment	1,359
At 31 March 2018 and 1 April 2018	**13,948**
Exchange realignment	**(919)**
At 31 March 2019	**13,029**
Accumulated impairment:	
At 31 March 2018 and 2019	–
Net carrying amount:	
At 31 March 2018	13,948
At 31 March 2019	**13,029**

The carrying amounts of goodwill are as follows:

	2019	2018
	HK$'000	*HK$'000*
Yin Chuan Fu Shou Yuan	**13,029**	13,948

The impairment test was based on the recoverable amount of the cash-generating unit ("CGU"). During the year ended 31 March 2019, management of the Group determines that there is no impairment (2018: Nil) of the above CGU containing goodwill.

The recoverable amount of the above CGU is determined based on a 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 rates, growth rate and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rate that reflect 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.

The major underlying assumptions are summarised below:

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2018: five-year period) and a pre-tax discount rate of 17% (2018: 17%). Cash flows beyond that five-year period have been extrapolated using declining growth rates until a steady 3% (2018: 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.

13. CEMETERY ASSETS

	Land costs	Landscape facilities	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 April 2017	25,190	232,450	257,640
Additions	–	21,312	21,312
Transferred to inventories	(569)	(8,291)	(8,860)
Exchange realignment	2,721	26,000	28,721
At 31 March 2018 and 1 April 2018	**27,342**	**271,471**	**298,813**
Additions	**–**	**4,970**	**4,970**
Transferred to inventories	**(1,973)**	**(6,799)**	**(8,772)**
Exchange realignment	**(1,802)**	**(18,426)**	**(20,228)**
At 31 March 2019	**23,567**	**251,216**	**274,783**
Accumulated amortisation:			
At 1 April 2017	(547)	(27,236)	(27,783)
Charged for the year *(note 6)*	(513)	(5,931)	(6,444)
Eliminated on transfers	95	174	269
Exchange realignment	(89)	(3,498)	(3,587)
At 31 March 2018 and 1 April 2018	**(1,054)**	**(36,491)**	**(37,545)**
Charged for the year *(note 6)*	**(489)**	**(7,067)**	**(7,556)**
Eliminated on transfers	**278**	**376**	**654**
Exchange realignment	**68**	**2,426**	**2,494**
At 31 March 2019	**(1,197)**	**(40,756)**	**(41,953)**
Net carrying amount:			
At 31 March 2018	26,288	234,980	261,268
At 31 March 2019	**22,370**	**210,460**	**232,830**

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

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

14. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Inventories		
– Tombs	**245,670**	235,351

As at 31 March 2019, inventories of approximately HK$178,457,000 (2018: HK$195,237,000) were expected to be recovered in more than one year.

15. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**912**	1,559

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

Trade receivables are unsecured and non-interest-bearing.

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

	2019	2018
	HK$'000	*HK$'000*
Within 60 days	**121**	777
61 to 90 days	**–**	401
91 to 180 days	**–**	381
181 to 365 days	**791**	–
	912	1,559

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

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**912**	1,559

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Prepayments	**2,597**	3,515
Deposits and other receivables	**859**	85,601
	3,456	89,116
Less: Impairment loss allowance	**–**	(75,526)
	3,456	13,590

As at 31 March 2017, other receivables with a carrying amount of HK$39,424,000 (equivalent to RMB35,000,000) represented earnest money paid to the shareholders of Jining Yongan Charity Business Co., Ltd. ("Jining Yongan", a company with limited liability established in the PRC) for a proposed acquisition of the entire equity of Jining Yongan (the "Jining Acquisition"), refundable from the shareholders of Jining Yongan as the Jining Acquisition did not proceed. The directors of the Company were of the view that impairment provision was not required as a refund of the earnest money was secured by the entire equity of Jining Yongan, among which, 40% of the equity interest was pledged to the Group under registration in local Administration Bureau for Industry and Commerce, and the transfer of 60% of the equity interest to Anxian Yuan (Zhejiang) Investment Management Company Limited (formerly known as Anxian Yuan (Shanghai) Cemeteries Investment Management Company Limited) ("Anxian Yuan (Zhejiang)"), a subsidiary of the Group, in which the 60% equity interest would have to return to the shareholders of Jining Yongan if the earnest money was refunded to the Group. In the opinion of the directors, such equity shares were only for guarantee purpose. The latter was for protection of the Group in respect of the collection of the earnest money refundable, and the Group did not participate in any operating or decision making of Jining Yongan. The amount was non-interest-bearing.

As at 31 March 2017, other receivables with a carrying amount of HK$10,138,000 (equivalent to RMB9,000,000) represented a loan provided to one of the shareholders of Jining Yongan. The loan was interest-free, repayable on demand, and secured by the 60% of the equity interest of Jiing Yongan transferred to Anxian Yuan (Zhejiang) as set out above.

During the year ended 31 March 2018, an amount of HK$49,920,000 (equivalent to RMB40,000,000) had been received. As at 31 March 2019, in the opinion of the directors, the Group cannot chase back the remaining balance successfully. Since there is no reasonable expectation of recovering the contractual cash flows, the remaining balance of HK$4,659,000 (equivalent to RMB4,000,000) was written off.

For the details of impairment loss allowance as at 31 March 2018, please refer to the annual report for the year ended 31 March 2014.

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

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

17. TRADE PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**33,953**	29,817

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

	2019	2018
	HK$'000	*HK$'000*
Within 90 days	**18,688**	5,289
91 to 180 days	**47**	6,248
181 to 365 days	**334**	9,521
Over 1 year	**14,884**	8,759
	33,953	29,817

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

18. OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Accruals	**4,734**	8,355
Deposits received	**52**	23,569
Other payables	**2,729**	10,034
	7,515	41,958

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

The Group has initially applied HKFRS 15 using cumulative effect method and adjusted the opening balance at 1 April 2018. Upon the adoption of HKFRS 15, amount of HK$23,569,000 previously included as "Deposits received" under "Other payables and accruals" have been reclassified to "Contract liabilities" (note 2(b)).

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2019		
	Effective interest rate *(%)*	**Repayment dates**	***HK$'000***
Current			
Bank loans			
– secured *(note (f))*	**5.24-6.53**	**September 2019**	**5,829**
Current portion of long-term bank loans – guaranteed and secured *(note (b))*	**6.13-6.47**	**October 2019**	**27,454**
Other borrowings			
– guaranteed *(note (c))*	**15.00**	**May 2019**	**30,000**
Other borrowings			
– guaranteed and secured *(note (e))*	**6.50**	**June 2019**	**11,658**
			74,941
Non-current			
Bank loans			
– guaranteed and secured *(note (b))*	**6.13-6.47**	**October 2020 – December 2023**	**137,341**
			212,282

	2018		
	Effective interest rate *(%)*	Repayment dates	*HK$'000*
Current			
Bank loans			
– guaranteed *(note (a))*	6.09	July 2018	6,240
Current portion of long-term bank loans – guaranteed and secured *(note (b))*	6.13-6.47	October 2018	17,635
Other borrowings			
– unsecured	9.07	August 2018	170
Other borrowings			
– guaranteed *(note (d))*	24.00	March 2020 (with repayment on demand clause)	12,480
			36,525
Non-current			
Bank loans			
– guaranteed and secured *(note (b))*	6.13-6.47	October 2019 – December 2023	176,424
Other borrowings			
– guaranteed *(note (c))*	15.00	May 2019	50,000
			226,424
			262,949

	2019	2018
	HK$'000	*HK$'000*
Based on the repayment schedules and analysed into		
Bank loans repayable:		
Within one year or on demand	**33,283**	23,875
In the second year	**27,454**	29,391
In the third to fifth years, inclusive	**109,887**	147,033
	170,624	200,299
Other borrowings repayable:		
Within one year or on demand	**41,658**	12,650
In the second year	**–**	50,000
	41,658	62,650
	212,282	262,949

Notes:

(a) The balances were guaranteed by a non-controlling shareholder of a subsidiary.

(b) As at 31 March 2019, the Group's bank loans amounting to HK$164,795,000 (2018: HK$194,059,000) are secured by non-controlling shareholders' shares in subsidiaries, and buildings owned by a non-controlling shareholder, and are guaranteed by certain directors of the Company and a non-controlling shareholder of a subsidiary.

(c) The balance represents an outstanding balance of the loan provided by Excel Precise International Limited ("Excel Precise"). Excel Precise is a holder of a money lenders licence under the Money Lenders Ordinance and is owned as to 25% by Mr. Law Fei Shing ("Mr. Law"), the director of the Company, and owned as to 73.5% by True Promise Investments Limited ("True Promise"), a company wholly-owned by Mr. Law. Mr. Law is the director of both Excel Precise and True Promise. The balance is guaranteed by Mr. Shi Hua, the director of the Company.

(d) The balance was guaranteed by certain directors of the Company and due in March 2020. As this loan contained a repayment on demand clause, the whole loan was classified as current liabilities accordingly as at 31 March 2018. The loan has been early repaid during the year ended 31 March 2019.

(e) The balance represent a discounted bill. It is secured by certain property, plant and equipment with the net carrying amount of HK$13,845,000 and guaranteed by a subsidiary of the Group.

(f) The balance is secured by certain property, plant and equipment with the net carrying amount of HK$4,557,000.

(g) Except for the other borrowings as set out in note (c) which are denominated in HK$, all borrowings are denominated in RMB.

20. SHARE CAPITAL

Shares

	2019	2018
	HK$'000	*HK$'000*
Issued and fully paid:		
740,545,000 (2018: 7,405,453,000) ordinary shares	**74,055**	740,545

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

	Number of shares	**Nominal value**
	('000)	*HK$'000*
Issued and fully paid:		
At 1 April 2017	5,434,453	543,445
Conversion of convertible notes *(note (a))*	1,500,000	150,000
Equity-settled share option arrangements *(note (b))*	11,000	1,100
Issue of shares *(note (c))*	460,000	46,000
At 31 March 2018 and 1 April 2018	7,405,453	740,545
Share consolidation and capital reduction *(note (d))*	**(6,664,908)**	**(666,490)**
At 31 March 2019	**740,545**	**74,055**

Notes:

(a) For the year ended 31 March 2018, the remaining part of the convertible notes with an aggregate principal amounts of HK$150,000,000 with a corresponding fair value of HK$67,073,000 were converted at the conversion price of HK$0.10 each into 1,500,000,000 ordinary shares of the Company at HK$0.10 each. An aggregate amount of HK$82,927,000, representing the difference between the principal amount of the shares and the corresponding fair value of the convertible notes, was charged to share premium.

(b) On 28 November 2017, the subscription rights attaching to 11,000,000 share options were exercised at the subscription price of HK$0.101 per share, resulting in the issue of 11,000,000 shares for a total cash consideration of HK$1,111,000.

(c) On 24 November 2017, 460,000,000 shares were issued for cash at a subscription price of HK$0.10 per share for a total cash consideration, before expenses, of HK$46,000,000.

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

All new shares issued during the year ended 31 March 2018 rank pari passu with other shares then in issue in all respects.

21. RELATED PARTY TRANSACTIONS

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

(a) Other transactions with related parties

	2019	2018
	HK$'000	*HK$'000*
Consultancy fee to non-controlling shareholder in which one of the executive directors has controls *(note (i))*	**2,611**	1,607
Rental expense to non-controlling shareholder in which one of the executive directors has controls *(note (i))*	**333**	282
Other borrowings obtained from a related company in which one of the executive directors has controls *(note (ii))*	**–**	100,000
Interest expense to a related company in which one of the executive directors has controls *(note (ii))*	**5,775**	11,313

Notes:

(i) These transactions constitute a de minimis transactions under Rule 14A.76(1)(c) of Chapter 14A of the Listing Rules and are therefore fully exempted from all disclosure requirements.

(ii) As the borrowing is not secured by any asset of the Group and as the directors of the Company consider that the borrowing is on normal commercial terms or better, the borrowing is fully exempted from the shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Certain directors of the Company have guaranteed the bank and other borrowings. Details are set out in note 19 to the financial statements.

(b) Outstanding balances with related parties

(i) The Group has outstanding balances to the non-controlling shareholders of HK$2,827,000 (2018: HK$924,000) as at the end of the reporting period. The amounts are non-trading in nature, unsecured, interest-free and repayable on demand.

(ii) The Group had an outstanding balance of other borrowing due to a related company, in which one of the executive directors has controls, amounted to HK$30,000,000 (2018: HK$50,000,000) as at the end of reporting period. The balance was unsecured, guaranteed by Mr. Shi Hua, bearing an interest rate of 15% per annum and repayable in May 2019 as disclosed in note 19(c).

(c) Compensation of key management personnel of the Group

The directors are of the opinion that the key management are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and are defined as the executive directors, non-executive directors and the chief executive officer of the Company.

22. EVENTS AFTER THE REPORTING DATE

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

BUSINESS REVIEW

During the Year, the Group achieved new progress continuously in its core business, and promoted comprehensive development with its core business. The Group actively implemented its strategic layout and formed a mutually beneficial momentum between the benefit of the enterprise and humanistic cultural influence. Among which, Zhejiang Anxian Yuan, as the flagship project of the Group, maintained a solid development trend in its results during the Year, and has become the best ecological culture cemetery in Zhejiang province. It received, for several times, awards in the industry and is also a Civilized Enterprise in Zhejiang Province and the president unit of the Funeral Association of Zhejiang Province. Under the guidance of the state-of-the-art management of the Group, the brand images of Yin Chuan Fu Shou Yuan and Zunyi Dashenshan ecological cemeteries are also deeply rooted in the hearts of the people and received extensive support and recognition from the government and different sectors of society through organizing various social and humanistic cultural activities and interacting with the public during such activities. During the Year, the Group underwent a comprehensive strategy upgrade in terms of the building and structure of the management, as well as the overall strategy layout of its business, which achieved remarkable results. As one of the leaders in the funeral industry in the PRC, the Group will continue to established its layout successively in cities with promising market prospects and rich resources in funeral project and service, and will commence strategic cooperation with local governments, nursing institutions and insurance medical institutions, so as to implant the management experience and industry concepts of Anxian Yuan while supporting the local funeral reforms. At the same time, the Group will uphold the mission and responsibilities for the industry and society and actively utilize the social value of the enterprise. It will also promote the formation of ecological civilization and implement the development concept of green funeral by participating in organizing various social welfare activities.

Looking forward, the Group will adhere to its initial intention to capture the growth opportunities in the funeral industry from the urbanisation and aging in the PRC through constant innovation. The Group will continue to enhance its external competitiveness while optimising internal structures, thereby promoting the sustainable and healthy development of its business, and it will strive to explore a development model in the funeral industry that is harmonious with social development, with time value and meaningful for promotion to demonstrate the ultimate quality of life and ethnic cultural spirit, thereby contributing to the funeral reform during its peak and establishing a model for the green funeral era.

FINANCIAL REVIEW

For the Year, the Group recorded net profit of approximately HK$17.0 million (2018: approximately HK$17.3 million) and revenue of approximately HK$223.1 million (2018: approximately HK$206.6 million). The Group's earnings before interest and tax was approximately HK$40.8 million (2018: approximately HK$54.8 million). Decrease in the Group's net profit by approximately HK$0.3 million year-on-year was mainly due to (i) the lower gross profit because of the higher direct cost; (ii) the loss on disposal of a subsidiary and an associate amounting to approximately HK$3.0 million: and (iii) write-off of other receivables amounting to approximately HK$5.0 million, and net off with decrease in finance costs of approximately HK$10.4 million.

The increase in revenue by approximately HK$16.5 million (or approximately 8%) was mainly attributable to the generic growth of our flag ship cemetery, Zhejiang Anxian Yuan, coupled with the contributions from our two members, Yin Chuan Fu Shou Yuan and Zunyi Dashenshan. Of the total revenue of approximately HK$223.1 million, tombs and niches sales amounted to approximately HK$199.6 million (2018: approximately HK$183.2 million). Total number of tomb sold for the Year was 2,368 units (2018: 2,401 units).

Total assets and net assets of the Group as at 31 March 2019 were approximately HK$1,098.7 million (2018: approximately HK$1,192.1 million) and approximately HK$658.1 million (2018: approximately HK$689.4 million) respectively. The decrease in net assets was mainly due to depreciation of RMB against HK$.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the Year, the Group has disposed the entire equity interest in Hangzhou Haoletian and the 35% equity interest in Hangzhou Anbaishi at a consideration of HK$10,005,000 in total and a loss on disposal was HK$2,973,000 accordingly.

Except for disclosed above, there is no material acquisition and disposal of subsidiaries and associates conducted by the Group during the Year that should be notified to the shareholders of the Company.

CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

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

Share consolidation

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

Capital reduction

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

Share sub-division

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

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

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

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

Mr. Yao Hong has been appointed as an Independent Non-executive Director and a member of each of Audit Committee, Remuneration Committee and Nomination Committee of the Company with effect from 26 November 2018. For further details, please refer to the Company's announcement on 22 November 2018.

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

OTHER INFORMATION

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

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

2. Directors' securities transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year. No incident of non-compliance was noted by the Company during the Year.

3. Corporate governance practices

The Company's corporate governance practices are based on the principles and code provisions are set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules. The Directors are of the view that the Company has been in compliance with the Code throughout the Year, except for the deviation from code provisions A.1.1, A.6.7 and E.1.2 of the Code as specified with considered reasons for such deviations as explained below. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Compliance with Code on Corporate Governance Practices

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

Code provision A.1.1 of the Code

Code provision A.1.1 of the Code stipulates that the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the Year, only two regular board meetings were held to review and discuss the annual and interim results. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary.

Code Provision A.6.7 of the Code

Code provision A.6.7 of the Code provides that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the company. Due to other business commitments, (i) Mr. Wang Hongjie and Mr. Lai Chun Yu were unable to attend the AGM and special general meeting of the Company held on 28 August 2018; and (ii) Mr. Wang Hongjie and Mr. Yao Hong were unable to attend the special general meeting of the Company held on 25 February 2019.

Code Provision E.1.2 of the Code

Code provision E.1.2 of the Code provides that the chairman of the Board should attend the annual general meeting of the company. Due to business commitment, Mr. Shi Hua was unable to attend the AGM of the Company held on 28 August 2018.

Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

4. Dividend

The Directors do not recommend the payment of any dividend for the Year (2018: Nil).

5. Audit Committee

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

6. Scope of work of BDO Limited on this preliminary announcement

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

7. Publication of Annual Results Announcement and Annual Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.anxianyuanchina.com), respectively. The annual report of the Company for the year ended 31 March 2019 containing all the information required under the Listing Rules will be dispatched to the Shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 24 June 2019

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

GLOSSARY

In this announcement of annual result (other than the financial statements from pages 2 to 34), the following expressions shall have the following meanings unless the context otherwise requires:

AGM	annual general meeting
Audit Committee	the audit committee of the Company
Board	the board of Directors
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
Director(s)	the director(s) of the Company
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
Hangzhou Anbaishi	杭州安白事電子商務有限公司 (in English, for identification purpose, Hangzhou Anbaishi Electronic Commerce Limited), a limited liability company established under the laws of PRC
Hangzhou Haoletian	杭州好樂天禮儀服務有限公司 (in English, for identification purpose, Hangzhou Haoletian Etiquette Services Co., Ltd), a limited company established under the laws of PRC

HKICPA	the Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Non-executive Director(s)	the independent non-executive Director(s)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Nomination Committee	the nomination committee of the Company
Non-executive Director(s)	the non-executive Director(s)
PRC	the People's Republic of China, which for the purpose of this announcement exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Remuneration Committee	the remuneration committee 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 2019
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
%	per cent