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ANXIAN YUAN CHINA HOLDINGS LIMITED

安賢園中國控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00922)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2026**

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 2025 as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2026

	Notes	2026 HK\$'000	2025 HK\$'000
REVENUE	5	196,252	236,429
Cost of sales		<u>(70,429)</u>	<u>(63,446)</u>
Gross profit		125,823	172,983
Other income and expense and gains, net	5	(114,195)	6,110
Selling and distribution expenses		(28,035)	(22,407)
Administrative expenses		(95,194)	(79,643)
Finance costs	7	<u>(1,535)</u>	<u>(1,088)</u>
(LOSS)/PROFIT BEFORE INCOME TAX	6	(113,136)	75,955
Income tax expense	8	<u>(8,052)</u>	<u>(23,640)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(121,188)</u>	<u>52,315</u>
(Loss)/Profit for the year attributable to:			
Owners of the Company		(115,904)	51,078
Non-controlling interests		<u>(5,284)</u>	<u>1,237</u>
		<u>(121,188)</u>	<u>52,315</u>
(LOSS)/EARNINGS PER SHARE FOR (LOSS)/ PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR			
Basic and diluted (<i>HK cents</i>)	10	<u>(5.22)</u>	<u>2.30</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
(LOSS)/PROFIT FOR THE YEAR	(121,188)	52,315
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	40,350	(17,013)
Item that will not be reclassified subsequently to profit or loss:		
Change in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”)	(706)	(32)
OTHER COMPREHENSIVE INCOME AFTER TAX	39,644	(17,045)
TOTAL COMPREHENSIVE INCOME	(81,544)	35,270
Total comprehensive income attributable to:		
Owners of the Company	(77,783)	34,669
Non-controlling interests	(3,761)	601
	(81,544)	35,270

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	<i>Notes</i>	2026 HK\$'000	2025 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	59,681	62,296
Right-of-use assets	<i>11</i>	2,745	3,061
Intangible assets	<i>11</i>	411,696	398,732
Goodwill	<i>12</i>	–	12,111
Financial assets at FVTOCI		–	676
Cemetery assets	<i>13</i>	380,148	235,608
Fixed time deposits		–	10,836
		<hr/>	<hr/>
Total non-current assets		854,270	723,320
CURRENT ASSETS			
Inventories		213,042	224,841
Trade receivables	<i>14</i>	6,986	2,444
Prepayments, deposits and other receivables		1,873	2,438
Loan to non-controlling shareholder		446	625
Financial assets at fair value through profit or loss ("FVTPL")		–	10,579
Fixed time deposits		11,326	54,181
Cash and cash equivalents		199,380	264,944
		<hr/>	<hr/>
Total current assets		433,053	560,052
CURRENT LIABILITIES			
Trade payables	<i>15</i>	50,206	33,307
Other payables and accruals	<i>16</i>	115,910	11,110
Amount due to a director of the Company		–	1,000
Contract liabilities		20,611	23,691
Interest-bearing bank borrowings		33,977	43,887
Lease liabilities		524	589
Tax payables		36,873	50,226
		<hr/>	<hr/>
Total current liabilities		258,101	163,810
NET CURRENT ASSETS		<hr/> 174,952	<hr/> 396,242
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,029,222	<hr/> 1,119,562

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 March 2026*

	2026 HK\$'000	2025 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Contract liabilities	53,110	40,185
Lease liabilities	24	113
Deferred tax liabilities	108,602	105,799
	<hr/>	<hr/>
Total non-current liabilities	161,736	146,097
	<hr/>	<hr/>
NET ASSETS	867,486	973,465
	<hr/>	<hr/>
EQUITY		
Share capital	222,136	222,136
Reserves	613,295	715,513
	<hr/>	<hr/>
Equity attributable to owners of the Company	835,431	937,649
Non-controlling interests	32,055	35,816
	<hr/>	<hr/>
TOTAL EQUITY	867,486	973,465
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2026

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These consolidated financial statements have been prepared under historical cost convention, except for financial assets at FVTPL and financial assets at FVTOCI which were stated at fair value.

2. ADOPTION OF AMENDED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has applied or early adopted for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2025.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

Except as disclosed below, the application of the amendments to HKFRS Accounting Standards that are relevant and effective from 1 April 2025 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 consolidated financial statements.

Amendments to HKAS 21 and HKFRS 1 - Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability.

Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 - Disclosures about Uncertainties in the Financial Statements

On 13 February 2026, the HKICPA issued Disclosures about Uncertainties in the Financial Statements, which amended multiple HKFRS Accounting Standards to include illustrative examples demonstrating how companies can apply HKFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The illustrative examples are accompanying materials to HKFRS Accounting Standards and do not have an effective date. The Group has considered these illustrative examples in its preparation of the consolidated financial statements and no additional disclosures or changes in presentation were considered necessary.

In accordance with the transition provisions, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

3. NEW AND AMENDED HKFRS ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET EFFECTIVE

The following new and amended HKFRS Accounting Standards, potentially relevant to the Group's consolidated 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 HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Annual improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1 First time adoption of Hong Kong Financial Reporting Standards, HKFRS 7 Financial Instruments: Disclosure, HKFRS 9 Financial Instruments, HKFRS 10 Consolidated Financial Statements, HKAS 7 Statement of Cash Flows ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without public accountability: disclosure ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standards, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improves aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Financial Instruments: Disclosures. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share have also been made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by senior executive management of the Company, the chief operating decision maker, in order to allocate resources and to assess performance.

The chief operating decision maker considers that the operation of the Group constitutes a single operating segment as the revenue and profit are derived from the cemetery business entirely from the People’s Republic of China (“PRC”). Accordingly, no segment analysis is presented. The majority of property, plant and equipment, cemetery assets and intangible assets is located in the PRC. The information reported to the chief operating decision maker for the purpose of resources allocation and assessment of performance are same as the amounts reported under HKFRS Accounting Standards.

Geographical information

(a) *Disaggregated revenue from external customers*

	2026 <i>HK\$’000</i>	2025 <i>HK\$’000</i>
The PRC	<u>196,252</u>	<u>236,429</u>

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

(b) *Non-current assets*

	2026 <i>HK\$’000</i>	2025 <i>HK\$’000</i>
Hong Kong	1,842	27
The PRC	<u>852,428</u>	<u>711,781</u>
	<u>854,270</u>	<u>711,808</u>

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 2026, no (2025: Nil) revenue from a single customer accounted for 10% or more of the Group’s revenue.

5. REVENUE, OTHER INCOME AND EXPENSE AND GAINS, NET

(i) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products and services and the 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).

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Revenue by products and services		
Sales of tombs and niches	176,267	206,150
Management fee income	8,485	8,326
Burial services	11,500	21,953
	<u>196,252</u>	<u>236,429</u>
Timing of revenue recognition		
At point in time	176,267	206,150
Over time	19,985	30,279
	<u>196,252</u>	<u>236,429</u>
Other income and expense and gains, net		
Gain on disposals of property, plant and equipment, net	40	75
Government grants (<i>note (i)</i>)	1,748	771
Bank interest income	2,164	4,891
Imputed interest income from loan to non-controlling shareholder	17	45
Under provision of Value-Added Tax (“VAT”) and surcharges (<i>note (ii)</i>)	(113,508)	–
Others	(4,656)	328
	<u>(114,195)</u>	<u>6,110</u>

Notes:

- i) The government grants for the years ended 31 March 2026 and 2025 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 respective year.

- ii) On 20 June 2025 and 11 June 2026, Yin Chuan Fu Shou Yuan received 2 tax notices (the “Fu Shou Yuan Tax Notices”) issued by the First Inspection Bureau of the Yin Chuan Municipal Tax Service of the State Taxation Administration of the PRC (國家稅務總局銀川市稅務局第一稽查局)(the “Yin Chuan Tax Bureau”) regarding the tax audit of Yin Chuan Fu Shou Yuan for the period from 1 June 2020 to 31 December 2024. Pursuant to the result of the tax audit, Yin Chuan Fu Shou Yuan’s cemetery business is assessed as not satisfying certain applicable conditions for VAT exemption for the relevant period.

Pursuant to the Fu Shou Yuan Tax Notices, the VAT payable for the period from 1 June 2020 to 31 December 2024 shall be re-assessed based on the applicable rate of 5%, 6% or 9% depending on certain criteria. The additional VAT and surcharges (the “Fu Shou Yuan Additional Tax”) amounts to approximately HK\$17,830,000 out of which HK\$13,695,000 was settled during the year.

On 11 May 2026, Zhejiang Anxian Yuan received a tax notice (the “Anxian Yuan Tax Notice”) issued by the Inspection Bureau of the Hangzhou Municipal Tax Service of the State Taxation Administration (國家稅務總局杭州市稅務局稽查局)(the “Hangzhou Tax Bureau”) pursuant to which Zhejiang Anxian Yuan is required to conduct a tax self-assessment for the period from 1 January 2023 to 31 December 2025, and to settle any resulting tax under provision on or before 15 June 2026.

In view of the current development of the tax affair of Yin Chuan Fu Shou Yuan and pursuant to the requirement of the Anxian Yuan Tax Notice, the management has assessed that the potential additional VAT and surcharges of Zhejiang Anxian Yuan (the “Anxian Yuan Additional Tax”) amounts to approximately HK\$95,678,000.

The Group considers that the Fu Shou Yuan Additional Tax and the Anxian Yuan Additional Tax arose primarily because of the divergence in interpretation between the Yin Chuan Tax Bureau/the Hangzhou Tax Bureau and the Group regarding the applicability of certain tax exemptions to the cemetery business. Based on the Group’s internal assessments conducted in prior years and the legal advice of the Group’s PRC tax expert, the Group’s historical position regarding these tax exemptions was substantiated by the relevant policy background, applicable tax regulations, actual regulatory practices, and prevailing industry standards.

The aggregate amount of the Fu Shou Yuan Additional Tax and the Anxian Yuan Additional Tax of HK\$113,508,000 was recognized as an expense for the year ended 31 March 2026.

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Auditor's remuneration	950	950
Amortisation of intangible assets (<i>note (i)</i>)	2,572	2,527
Amortisation of cemetery assets (<i>note (i)</i>)	10,704	8,345
Cost of inventories sold recognised as expense	55,881	46,307
Cost of services provided	1,271	6,267
Impairment loss for property, plant and equipment (<i>note (iii)</i>)	197	–
Impairment loss for intangible assets (<i>note (iii)</i>)	2,405	–
Impairment loss for goodwill (<i>note (iii)</i>)	12,658	–
Impairment loss for cemetery assets (<i>note (iii)</i>)	1,341	–
Depreciation on property, plant and equipment	8,014	8,268
Depreciation on right-of-use assets	2,824	2,663
Fair value (gain)/loss on financial assets at FVTPL	(76)	351
Provision for/(reversal) of loan to non-controlling shareholder	240	(655)
Employee benefit expense (excluding directors' and chief executives' remuneration):		
– Wages and salaries (<i>note (ii)</i>)	37,434	33,263
	<u>37,434</u>	<u>33,263</u>

Notes:

- i) Amortisations of intangible assets and cemetery assets for the years are included in “Cost of sales” in the consolidated statement of profit or loss.
- ii) For the year ended 31 March 2026, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (2025: Nil). As at 31 March 2026, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the MPF Scheme (2025: Nil).
- iii) The impairment loss recognised during the year was included in administrative expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Interest on lease liabilities	42	27
Interest on interest-bearing bank borrowings	1,812	1,298
Less: Interest capitalised	(319)	(237)
	<u>1,535</u>	<u>1,088</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.48% (2025: 4.42%) per annum to the expenditure on qualifying assets.

8. INCOME TAX EXPENSE

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

Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in that jurisdiction (2025: Nil).

No (2025: Nil) provision for Hong Kong profits tax has been made as the Group had no (2025: 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% (2025: 25%) of the assessable profits of the PRC subsidiaries of the Company as determined in accordance with the PRC Corporate Income Tax Law.

The major components of income tax expense are as follows:

	2026 HK\$'000	2025 <i>HK\$'000</i>
Current tax – PRC Corporate Income Tax		
– Tax for the year in the PRC	7,201	22,009
Over-provision in prior years	(228)	–
PRC dividend withholding tax	2,187	2,645
Deferred tax	(1,108)	(1,014)
	<hr/>	<hr/>
Total income tax expense for the year	8,052	23,640
	<hr/>	<hr/>

A reconciliation of the income tax expense applicable to loss/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 as follows:

	2026 HK\$'000	2025 <i>HK\$'000</i>
(Loss)/profit before income tax	(113,136)	75,955
	<hr/>	<hr/>
Tax at the statutory tax rate of 25% (2025: 25%)	(28,284)	18,988
Effect of withholding tax on distributable profit of the Group's PRC subsidiaries	2,187	2,645
Tax effect of different taxation rates in other tax jurisdictions	829	344
Tax effect of non-taxable income	(69)	(432)
Tax effect of non-deductible expenses	31,719	159
Tax effect of tax losses not recognised	1,898	1,936
Over-provision in prior years	(228)	–
	<hr/>	<hr/>
Income tax expense	8,052	23,640
	<hr/>	<hr/>

9. DIVIDENDS

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Interim dividend declared and paid of nil (2025: HK0.5 cent) per ordinary share	–	11,107
Final dividend proposed of nil (2025: HK1.1 cents) per ordinary share after the end of the reporting period	–	24,435
	<u>–</u>	<u>35,542</u>

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:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Final dividend paid in respect of the previous financial year, approved and paid during the year, of HK1.1 cents (2025: HK1.3 cents) per share	24,435	28,878

The proposed final dividends in respect of year ended 31 March 2025 was paid as appropriations of the contributed surplus reserve of the Company during the year ended 31 March 2026.

10. (LOSS)/EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company over the weighted average number of ordinary shares of 2,221,363,000 (2025: 2,221,363,000) in issue during the year.

There were no dilutive potential ordinary shares outstanding during the years ended 31 March 2026 and 2025 and hence the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
(Loss)/Earnings		
(Loss)/profit attributable to owners of the Company used in the basic and diluted (loss)/earnings per share calculation	<u>(115,904)</u>	<u>51,078</u>
	Number of Shares '000	Number of Shares '000
Shares		
Weighted average number of ordinary shares in issue during the year used in basic and diluted (loss)/earnings per share calculation	<u>2,221,363</u>	<u>2,221,363</u>

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

During the year, the Group acquired items of property, plant and equipment with a cost of HK\$3,178,000 (2025: HK\$3,055,000). Items of property, plant and equipment with a net carrying value of HK\$69,000 (2025: HK\$11,000) were disposed of during the year, resulting in a gain on disposal of HK\$40,000 (2025: HK\$75,000). Property, plant and equipment of approximately HK\$197,000 were impaired during the year (2025: Nil).

As at 31 March 2026, buildings with a carrying value of HK\$7,675,000 (2025: HK\$7,729,000) were pledged for interest-bearing bank borrowings.

In addition, the Group has not entered into any new lease agreements and renewed some lease agreements during the year. No right-of-use assets (2025: HK\$902,000) and HK\$2,391,000 (2025: HK\$1,894,000) of lease modification has been recognised for the year respectively.

No (2025: Nil) additions to intangible assets was made during the year and intangible assets of approximately HK\$2,405,000 were impaired (2025: Nil).

12. GOODWILL

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Yin Chuan Fu Shou Yuan	–	12,111

As at 31 March 2026, Yin Chuan Fu Shou Yuan noted an impairment indicator of incurred loss for the year due to the applicability of certain tax exemptions, restriction of selling price and increment of procurement cost in PRC during the year, which suffered an impairment loss of goodwill amounted to HK\$12,658,000 (2025: nil). As at 31 March 2026, as the carrying amount of the Yin Chuan Fu Shou Yuan was higher than its estimated recoverable amount of HK\$16,601,000, an impairment loss of goodwill amounting HK\$12,658,000 of the Yin Chuan Fu Shou Yuan was recognised. The impairment loss was allocated to the non-financial assets of the Yin Chuan Fu Shou Yuan by pro rata basis, which impairment of property, plant and equipment of HK\$197,000, impairment of intangible assets of HK\$2,405,000, and impairment of cemetery assets of HK\$1,341,000 have been provided respectively.

13. CEMETERY ASSETS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Leasehold lands	198,311	54,427
Landscape facilities	181,837	181,181
	380,148	235,608

Cemetery assets of approximately HK\$1,341,000 were impaired (2025: Nil).

14. TRADE RECEIVABLES

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within 60 days	415	261
61 to 180 days	4,290	1,488
Over 1 year	2,281	695
	<hr/>	<hr/>
	6,986	2,444
	<hr/>	<hr/>

15. TRADE PAYABLES

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

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Within 90 days	20,422	808
91 to 180 days	7,986	504
181 to 365 days	1,045	1,141
Over 1 year	20,753	30,854
	<hr/>	<hr/>
	50,206	33,307
	<hr/>	<hr/>

16. OTHER PAYABLES AND ACCRUALS

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Accruals	10,274	9,916
Deposits received	–	55
Provision for under provision of VAT and surcharge (note (i))	102,472	–
Other payables	3,164	1,139
	<hr/>	<hr/>
	115,910	11,110
	<hr/>	<hr/>

Notes:

- i) The amount representing the Anxian Yuan Additional Tax payable HK\$98,226,000 and Fu Shou Yuan Additional Tax payable HK\$4,246,000 as at 31 March 2026. For details please refer to Note 5(ii).
- ii) Other payables are non interest-bearing and repayable on demand.

17. RELATED PARTY TRANSACTIONS

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

(a) Other transactions with related parties

	2026 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Consultancy fee to a related company in which one of the executive directors has control (<i>notes (i) and (ii)</i>)	243	311
Lease payment to a related company in which one of the executive directors has control (<i>notes (i) and (iii)</i>)	925	961
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 lease expenses related to rental payment to related party in which one of the executive directors has control.
- (iv) These carpark expenses related to carpark payment to related party in which a close family member of one of the executive directors has control.

(b) Compensation of key management personnel of the Group

The directors 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.

18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, Yin Chuan Fu Shou Yuan and Zhejiang Anxian Yuan received a tax notice from the respectively local tax bureau on 11 June 2026 and 11 May 2026, respectively, details of which are disclosed in note 5 in this announcement.

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 of 2026 for your kind perusal.

In 2025, the pace of global economic recovery remained uneven, with geopolitical factors and trade frictions continuing to pose uncertainties. Against the backdrop of “seeking progress while maintaining stability and advancing stability through progress”, the Chinese economy continued to drive high-quality development, the consumer market experienced a moderate recovery, and policies on people’s livelihood security were steadily deepened. At the same time, the funeral and burial industry in China underwent profound transformation – the newly revised Regulations on the Administration of Funerals and Burials came into effect, special rectification efforts advanced further, and regulatory scrutiny reached an unprecedented level. As a participant and practitioner in the industry’s transformation, the Group has always upheld the corporate spirit of “anticipating change while being prepared, and learning from the virtuous (居安思變, 見賢思齊)”. Under the dual challenges of policy reshaping and public expectations, the Group proactively recognised, adapted to, and sought change. Over the past year, under the leadership of the Board, the Group closely followed the annual theme of “acting in compliance, pursuing pragmatism and innovation, and striving for excellence for sustainable development”, enabling each subsidiary to strengthen its foundation amidst turbulent times, comprehensively upgrade its compliance system, steadily enhance service quality, and continuously deliver innovative highlights.

During the period under review, the special rectification efforts in the funeral and burial sector in Mainland China continued to intensify, and the regulatory environment underwent profound changes. Each subsidiary of the Group maintained a high sense of responsibility by adopting a mindset of “putting itself in the task (把自己擺進去)”, conducting comprehensive ledger collation across the areas of approval processes, construction, operation, service and management, while benchmarking against regulatory requirements and engaging in self-vigilance and self-reflection. Zhejiang Anxian Yuan completed the public disclosure of pricing information on the official websites of the municipal and district civil affairs bureaus, and entered the information of 53,000 burial plots into the “Zheli Shi’ an” supervision system; Yin Chuan Fu Shou Yuan completed cost audits and retroactive tax payments, opened a tripartite escrow account for cemetery maintenance fees, and with the patience and professionalism of a “one policy for one client” approach, conducted one-on-one, face-to-face communications with each affected customer during the National Day holiday, tailoring rectification plans accordingly, ultimately achieving the successful rectification of family burial plots and striking a harmonious balance between policy implementation and customer rights; Zunyi Dashenshan strictly controlled third-party service providers’ operations and established a risk ledger. Through this series of arduous and meticulous efforts, the Group not only smoothly navigated the period of intense regulatory pressure but also took the opportunity to strengthen its internal control system, laying a solid foundation for long-term growth.

In terms of operating performance, the Group's business expansion faced general pressure due to policies such as industry price caps, sales restrictions, and an increased proportion of public-benefit burial plots. At the same time, due to one-off factors mainly arising from compliance rectification, land standardisation, and retroactive tax payments, the Group's fixed costs also increased. Accordingly, each operating unit simultaneously implemented measures to "boost revenue, cut costs and improve efficiency", effectively controlling non-essential expenses and accumulating valuable experience to improve future profitability. Adversity reveals true resilience. Under the leadership of the Board, each subsidiary actively adjusted its strategies and strived to maintain stable core operations. Although the annual revenue fell short of the target, overall burial plot sales remained steady, with total sales of approximately HK\$190 million.

The deep integration of technology, humanities, and funeral services remains the core engine driving the industry transformation of the Group. Zhejiang Anxian Yuan has continuously upgraded the "Unlimited Digital-Life Memorial Space", integrating an AI smart butler, 270-degree holographic projection, and visual interactive systems. In eco-friendly funeral ceremonies, AI holographic imagery is used to recreate the likeness and voice of the deceased, allowing memories to transcend time and space. This practice has been widely praised and followed by various sectors of society. During the Qingming Festival, Zhejiang Anxian Yuan also innovatively introduced a "Civilized Tomb-Sweeping Special Mission Dog", a robotic dog officially deployed on site. It activates a 360-degree three-dimensional surround reminder mode for visitors entering the cemetery and engages in close interactions with the public through standing and jumping movements, spreading green and civilized concepts in a lively and engaging manner. Yin Chuan Fu Shou Yuan achieved numerous highlights during the year. Notably, at the unveiling ceremony of the memorial statues of four martyrs who sacrificed their lives in the Counterattack against Vietnam in Self-Defense, AI technology was used to vividly recreate the images of the four martyrs. In particular, the message of hope for world peace and national prosperity delivered by Martyr Gu Jinhai deeply moved everyone present, bringing to life a vivid and profound lesson in patriotic education.

The Group has always adhered to the concept of green development and actively responded to the advocacy of land-saving and eco-friendly burial formats under the new Funeral Management Regulations. Prior to the Qingming Festival, Zhejiang Anxian Yuan held a collective eco-friendly burial event themed “Love Finds Its Way Home – Embarking on the Ecological Covenant”. A deep burial ceremony for degradable ashes was conducted for 11 pioneers who had chosen eco-friendly burial. Their ashes were placed in degradable containers and buried deep underground, with only green plants and a bronze nameplate marking the surface, thus achieving the state of “returning the soul to nature”. The most touching moment of the ceremony came from a couple who had upheld their “covenant of life” for three years. In 2023, Grandma Wang Furong became the first person at the cemetery to experience both eco-friendly burial and AI remembrance. Her husband, Grandpa Deng Quancheng, (“**Grandpa Deng**”) had promised her during his lifetime that they would return to nature together after death, “to leave a bit more green space for the world”. This year, following Grandpa Deng’s passing, he honored his promise, accompanying his beloved wife through a digital smart farewell and eco-friendly burial. Their story serves as a warm testament to love and commitment within the philosophy of eco-friendly burial. Yin Chuan Fu Shou Yuan successfully hosted the 2025 Yinchuan Qingming Festival Eco-friendly Burial and Public Memorial Event, promoting a new environmentally-friendly memorial method using “water-soluble paper”. With water as a medium to convey condolences, the event supported the development of a smoke-free cemetery. The Group’s project companies have vigorously promoted land-saving products such as tree burials, lawn burials, wall burials, and flower bed burials. The proportion of newly developed land-saving and eco-friendly products has steadily increased. The miniaturization of burial plots has become the main direction of product transformation, and land utilization efficiency has significantly improved. At the same time, the Group has introduced advanced eco-friendly burial practices from across the country, integrating combined designs such as wall burials, flower bed burials, and tree burials. It has actively developed public welfare projects that meet policy requirements, align with the contemporary context, and feature distinctive highlights, demonstrating the enterprise’s presence and brand image as an industry leader that remains committed to public welfare and serves the people with broad accessibility and benefit.

Upholding social responsibility and conveying the warmth of life remain the Group’s unwavering original aspiration. Marking the 80th anniversary of victory in the War of Resistance Against Japanese Aggression, Zhejiang Anxian Yuan meticulously organised a solemn ceremony titled “Eagles Soar, Heroes Immortal (鷹擊長空英雄不朽)” held for the installation of the Zhejiang Memorial Monument for Air Force Martyrs of the War of Resistance Against Japanese Aggression, welcoming home the loyal spirits of hundreds of anti-Japanese aviation martyrs from Zhejiang or laid to rest in Zhejiang. At the same time, a Flying Tigers Warhawk P40 fighter aircraft model and related archival materials were donated to the Anxian Life Museum (安賢生命博物館). During the Year, the cemetery park also successfully joined the “Grand Canal Museum City Alliance (大運河博物館之城聯盟)” (Canal Cultural and Museum Cluster), whose members include Zhejiang Exhibition Hall, the Beijing-Hangzhou Grand Canal Museum and Xiling Seal Engraver’s Society, among other cultural and museum institutions, thereby broadening the scope of life education and patriotic education through cross-sector integration. As a national defence education base in Jinfeng District, Yin Chuan Fu Shou Yuan’s Martyrs Memorial Square received nearly 5,000 visitors from 25 organisations during the Year, setting a new high in participation in patriotic education activities, while its “mobile ideological and political education class” programme received extensive media coverage. Zunyi Dachengshan, together with the local government, carried out activities supporting the elderly and those in need, demonstrating the warmth and care of the enterprise. Through practical actions, the Group has continued to spread public welfare, compassion and the value of life throughout society.

The Group places great emphasis on talent development and team building. During the reporting period, all project companies strengthened employee compliance training and professional skills enhancement. Yin Chuan Fu Shou Yuan continued to consolidate the achievements of establishing a “Three-Star” party branch, leveraging party building to drive team development, while Zhejiang Anxian Yuan organised employees to participate in funeral service vocational skills competitions and achieved outstanding results. The Group comprehensively implemented the signing of compliance and integrity undertakings, linked compliance performance to performance appraisal, and strengthened risk prevention and control for key positions. Throughout the year, the Group achieved “zero major safety incidents”, and peak tomb-sweeping periods such as the Qingming Festival and Winter Solstice proceeded in a safe and orderly manner.

Looking ahead to 2026, the newly revised Regulations on Funeral and Interment Administration and the related implementing regulations will be fully implemented, and industry supervision will enter a normalised stage of “zero tolerance”. The Group will closely adhere to the working themes of “compliance protection, cost reduction and quality enhancement, and innovation-driven development” and proactively adapt to, respond to and embrace change in order to achieve new development under the new environment. We will strictly implement compliance requirements throughout all aspects, including price disclosure, land use planning and service procedures, to ensure zero violations. We will vigorously promote eco-friendly and land-saving products, with newly developed products targeted to account for no less than 15% of total new products. We will deepen management innovation and process re-engineering to drive a reduction in operating costs and comprehensively enhance resource utilisation efficiency. Through transparent services and personalised care, we aim to maintain customer satisfaction at above 95%. Each project company will continue to explore and leverage cultural and humanistic resources, empower funeral services through technology, and build a “smart funeral services ecosystem”, while upholding its public welfare mission, establishing a tiered service supply system and achieving a balance between social and economic benefits.

The Group is committed to becoming a practitioner of a “century-long life memorial project”. At the intersection of history and the future, we will serve the public with a spirit of public welfare, protect the land with ecological awareness, and overcome challenges through innovation. On behalf of the Board of the Group, I would like to express my sincere gratitude to all Shareholders, business partners, customers and members of the community for their trust and support. In the coming year, all members of Anxian will work together with determination and perseverance to repay society with higher-quality services, deliver solid returns to investors through strong performance, and jointly compose a new chapter of the Group’s high-quality and sustainable development.

Shi Hua
Chairman

Hong Kong, 26 June 2026

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Confucius said, “In life, serve them with propriety; in death, bury them with propriety and sacrifice to them with propriety.” China’s funeral culture has a long and profound history, deeply rooted in millennia of traditional rites. As we enter 2026, nationwide special rectification efforts in the funeral sector have advanced into deeper stages, driving a significant shift in the industry’s development focus. The sector is accelerating its transformation into an integrated life service industry that emphasizes public welfare, promotes the reform of outdated customs, strengthens benefits for the people, and adheres to standardized operations. “Ensuring the deceased can rest in peace” has become a key component of livelihood security in the new era, as well as a core guiding principle for high-quality industry development.

From the perspective of market demand fundamentals, accelerating population aging provides a steady foundation of rigid demand for the industry. According to the latest data, by the end of 2025, China’s population aged 60 and above reached 323 million, accounting for 23.0% of the total population. It is projected that by around 2031, the number of elderly people aged 60 and above in China will exceed 400 million, representing 29.2% of the total population¹, with the aging level entering a “fast track” of accelerated growth. In 2025, the number of deaths in China reached 11.31 million², showing a steady upward trend compared to previous years. At the same time, with the deepening of funeral reform and the transformation of customs, the national cremation rate continues to rise. Major cities in coastal and inland regions have largely achieved full cremation coverage. The acceleration of population aging and the increase in cremation rates will continue to generate a broad demand for funeral facilities, services, and life science technologies. Meanwhile, government advocacy of concepts such as modest and simplified burials, civilized memorial rituals, and eco-friendly interments is gradually gaining public acceptance, effectively eliminating wasteful practices, feudal superstitions, and other negative customs associated with traditional funerals, and steering the industry back toward its public welfare essence.

On the policy front, the nationwide special rectification in the funeral sector that began in the second half of 2024 has become a core driver of standardized industry development. The National People’s Congress and the Chinese People’s Political Consultative Conference (CPC) have continuously emphasized the importance of funeral reform. The newly revised Funeral Management Regulations came into effect on 30 March 2026, explicitly prioritizing public welfare in industry development, vigorously promoting land-saving and eco-friendly burials, and advancing the construction of a funeral system that is people-centered, green and smart. These developments have opened up significant policy dividend space for innovative models such as eco-friendly burials, digital memorials, and life education, while also imposing stricter operational compliance requirements on the industry. During the 15th Five-Year Plan period, urbanization will continue to advance steadily, with the urbanization rate projected to reach over 73% by 2030³. Alongside the sustained increase in per capita disposable income of urban residents, public demand for spiritual and emotional solace is becoming more prominent. However, this evolving demand remains centered on the core values of “people-centered, civility, standardization, and environmental protection.” Personalized, emotional, and digitally intelligent life services must all be delivered in compliance with policy regulations and guided by public welfare principles.

¹ (Source: <https://www.peopleapp.com/column/30052083079-500007481671>) (<https://www.cncaprc.gov.cn/gjxzbalt/771107.jhtml>)

² (Source: https://www.stats.gov.cn/sj/zxfbhjd/202602/t20260228_1962662.html)

³ (Source: http://www.ce.cn/xwzx/gnsz/gdxw/202605/t20260506_2945416.shtml)

Notably, technology empowerment has become a key driver in balancing public welfare attributes with service experience. Cutting-edge technologies such as artificial intelligence (“AI”), digital twins, holographic imaging, and virtual memorials are rapidly penetrating the industry, while new business models, including online memorial services, AI-powered remembrance and digital ancestral halls, continue to emerge. These innovations not only significantly enhance service efficiency and transparency and reduce operating costs, but also enable remembrance to transcend the boundaries of time and space. While promoting cultural reform and streamlining funeral procedures, they also provide the public with a compassionate and dignified farewell experience, further driving the deep integration of “Internet + life services” with traditional humanistic care and public welfare services.

According to forecasts by authoritative institutions, the scale of China’s funeral services market is expected to maintain steady growth. The market size reached RMB257.7 billion in 2020 and is projected to increase to RMB411.4 billion by 2026, representing a CAGR of approximately 8.1%⁴. Overall, against the backdrop of an accelerating ageing population, policy guidance and the continued advancement of cultural reform initiatives, the industry has demonstrated a certain degree of counter-cyclical resilience. Nevertheless, growth momentum has moderated due to policy constraints, and the industry’s long-term development will need to remain closely aligned with policy directions while staying rooted in its public welfare mission.

The Group’s results for the Year turned from profit to loss, primarily due to the fact that local tax authorities across various regions have reinterpreted the value-added tax (“VAT”) exemption applicable to cemetery operations. As a result, since 2025, project companies within the Group are required to pay VAT and make supplementary payments for VAT and related taxes for prior years. The Group considers the expenses arising from such tax reinterpretation to be one-off and non-recurring and believes that they will not have a material impact on the Group.

Objectively speaking, the current policy constraints facing the funeral services industry are mainly reflected in three aspects. First, there is stringent regulation over business scope and operational standards, with explicit requirements imposed on cemetery plot specifications, pricing standards and service procedures, thereby compressing the traditional profit margin. Second, the mandatory public welfare nature of the industry requires enterprises to increase the supply of affordable public-benefit services and maintain profitability at a reasonable level, placing higher demands on enterprises’ ability to balance cost control with social responsibility. Third, increasingly stringent environmental protection requirements impose strict standards on burial methods, funeral equipment and pollutant emissions, compelling enterprises to increase green investment and accelerate the upgrading of products and services. While these restrictions may place certain pressure on the operating performance of some industry participants in the short term, in the long run, they will help eliminate industry irregularities, regulate market order and promote the industry’s development towards higher-quality and sustainable growth, thereby achieving an organic unity between social value and economic value.

⁴ (Source: <https://www.joneslanglasalle.com.cn/zh-cn/insights/jlls-report-assessment-and-measurement-in-the-life-services-industry>)

BUSINESS REVIEW AND OUTLOOK

As one of the leading enterprises in the funeral and burial industry in the PRC, the Group has always remained true to its original aspiration of respecting and serving life. Upholding the operating philosophy of “people-oriented and service-first”, the Group closely follows the implementation of special rectification initiatives in the funeral and burial industry, and regards public welfare, cultural reform, public-benefit services and compliant operations as its core operating principles. The Group is committed to providing every deceased individual with a dignified resting place and every bereaved family with warmth and comfort, allowing life to attain eternal sublimation through solemnity and humanistic care.

During the year of 2025, with the Group being confronted with severe challenges arising from the deepening of special rectification in the funeral and burial industry, policy adjustments and profound changes in the market environment, the Group and its project companies, under the strong leadership of the Board, closely adhered to the working theme of “Compliance in Action, Practice with Innovation, Excellence for Sustainability”, fully implemented the Group’s development plans and annual work outline, and united efforts and tackled difficulties with a high degree of political awareness and a sense of mission. As a result, the Group and its project companies achieved hard earned positive results in areas such as standardized operations, people-benefiting services offering, the promotion of cultural reform in burial practices, and the fulfilment of public welfare responsibilities. Although the overall revenue of the Group was affected by policy restrictions and failed to reach the annual operating targets, showing a year-on-year fluctuation, each project company effectively offset external pressures through precise policy analysis, enhanced internal controls and accelerated transformation and upgrading. This has consolidated a solid foundation for high-quality and sustainable development and built strong momentum for the Group’s long-term and steady progress, fully demonstrating the resilience and responsibility of the Company amidst industry transformation.

During the reporting period, the Group has continuously and consistently regarded safety and compliance as its lifeline, complied with various national and local regulatory requirements, fully implemented the special rectification work and promoted standardized operations. A special rectification working group was established at all levels of the Group, with responsibilities duly assigned. A total of 144 various statements and reports were submitted, and more than 30,000 customer files and burial records were systematically reviewed and inspected. The identification, classification and rectification of non-compliant burial plots were completed and successfully passed inspection and acceptance by the local civil affairs authorities. Yin Chuan Fu Shou Yuan set up a “tripartite management account” for cemetery management fees, completed customized rectification for family burial plots under the project, and strictly adhered to specifications and charging standards for burial plots. The Group closely cooperated with on-site investigations by the local civil affairs authorities, cross-provincial and municipal inspections and unannounced visits by the discipline inspection commission, achieving zero major safety liability incidents throughout the year. Through these initiatives, the Group has safeguarded the rights and interests of the public and the reputation of the enterprise, demonstrating the benchmark image of a listed company in terms of standardized operations.

The Group, on the basis of strict compliance, actively promoted cultural reform in burial practices, stepped up efforts to provide people-benefiting services and deeply integrated public welfare responsibilities with service upgrades. Each project company vigorously promoted ecological burial, simplified and civilized tomb-sweeping. During the Qingming Festival, Zhejiang Anxian Yuan, in collaboration with various parties, organized the public welfare campaign “March Forward to the Future Together in the Spring Breeze (春風裡，益起向未來)”, and first introduced an AI interactive installation, the “Civilized Memorial Ambassador Dog (文明祭掃特派狗)”, to guide the public to embrace civilized tomb-sweeping concepts. Yin Chuan Fu Shou Yuan successfully held an “Ecological Burial and Public Memorial Ceremony (生態安葬暨社會公祭活動)”, promoting the concept of ecological burial to the public. Zunyi Dachengshan project streamlined their service projects, optimized service processes to lower the threshold for public-benefit services, actively carried out patriotic education and public welfare activities, effectively reducing the funeral burdens of the public. They also organized patriotic education and public welfare activities, effectively reducing the public’s funeral-related burdens. Meanwhile, the Group, taking the Life Museum and the Martyrs’ Memorial Square as platforms, built a second classroom for patriotic education. Zhejiang Anxian Yuan held the monument installation ceremony themed “Eagles Soar High, Heroes Never Die (鷹擊長空—英雄不朽)” in memory of Zhejiang’s anti-Japanese aviation martyrs, and officially joined the Grand Canal Museum City Alliance (大運河博物館之城聯盟). Additionally, the public participation in the patriotic education events held at the Martyrs’ Memorial Plaza by Yin Chuan Fu Shou Yuan reached a record high. Through these public welfare initiatives, the Group spread benevolence and demonstrated the public welfare attributes of the industry.

In addition, the Group actively embraces digital transformation and technological empowerment. Within the policy framework, we optimize service experiences to facilitate the advancement of new funeral customs. As our flagship project, Zhejiang Anxian Yuan has successfully launched new Office Automation and Enterprise Resource Planning System. It steadily advances the expansion of office premises, the development of new burial areas and the design of the themed burial zone “Feng Ming Ju”. We have innovatively created the “Boundless” Smart Life Experience Space, integrating cutting-edge technologies such as AI interaction, cloud-based remembrance and immersive farewell ceremonies. This breaks the constraints of time and space for memorial activities, complies with the requirements for civilized funeral practices, and greatly improves the public service experience. Yin Chuan Fu Shou Yuan has cultivated in-house technical personnel to independently complete regular inscription engraving. It adopts AI technology to vividly restore the images of martyrs from the Counterattack in Self-defence on the Sino-Vietnamese Border, achieving an effective integration of technology, humanity and public welfare. All project subsidiaries further enhance collaboration across engineering, landscaping and sales, and drive products to evolve towards high-quality, compact and land-efficient eco-friendly solutions. Such initiatives not only comply with relevant policies, but also meet the public’s diverse needs at affordable prices.

Looking ahead, we maintain a cautiously optimistic outlook for the funeral and interment industry. On the one hand, accelerating population aging sustains rigid demand for funeral services. Ongoing national reforms in this sector provide clear guidance for its standardized and public welfare-oriented development, leaving ample room for growth in affordable public services, ecological burial and smart funeral services. On the other hand, long-standing policy restrictions will continue to squeeze profit margins. Market competition will increasingly shift towards public welfare orientation, standardization and professionalism, placing higher requirements on enterprises' policy adaptability, cost control and public service capabilities. Industry consolidation and market reshuffling will further intensify.

In the new fiscal year, the Group will continue to uphold its business philosophy of “putting people first, rooted in culture, guided by science and dedicated to service”. Taking “compliance safeguarding, cost reduction and quality improvement, and innovation-driven development” as our annual work theme, we will follow policy directions, strengthen standardized operations, promote new funeral customs, expand affordable services and fulfill public welfare responsibilities. The Group will further enhance the internal control system and optimize cost structures. We will develop more eco-friendly and people-oriented products that combine land-saving design with technology and humanistic care, and actively expand our funeral service business. Pursuing progress while maintaining stability and striving for innovation and breakthroughs, we will continuously improve operational efficiency and brand value, and advance the modernization, ecological development and humanistic refinement of funeral and interment reforms.

Funeral and interment services represent not only a farewell, but also the sublimation of life and the continuation of emotions. We will build on the strengths of our existing projects, leverage capital market resources, and faithfully fulfill the mission of the funeral and interment industry in the new era. Guided by the vision of green funeral services and empowered by technology, we will respond to policy changes and market challenges with a pragmatic and steady approach. We strive to balance corporate social value and economic value, ensuring dignity for the deceased and warmth for everlasting remembrance. We will keep contributing heartfelt efforts to social progress and people's well-being.

CEMETERY BUSINESS

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

Key performance indicators	Definition	2026	2025
Revenue growth rate	Total revenue in current year vs last year	-17.0%	-16.9%
Gross profit ratio	Gross profit over total revenue	64.1%	73.2%

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

FINANCIAL REVIEW

For the Year, the Group recorded a net loss of approximately HK\$121.2 million (2025: net profit of approximately HK\$52.3 million) and revenue of approximately HK\$196.3 million (2025: approximately HK\$236.4 million). The Group's loss before interest and tax was approximately HK\$114.7 million (2025: earnings of approximately HK\$77.0 million). The Group's gross profit ratio decreased from 73.2% to 64.1%. The additional VAT and other charges were recognised by Yin Chuan Fu Shou Yuan and Zhejiang Anxian Yuan of approximately HK\$17.8 million and HK\$95.7 million, respectively. As a result, the Group recorded a turnaround from profit of approximately HK\$52.3 million to a loss of approximately HK\$121.2 million. This represents a year-on-year decrease of approximately HK\$173.5 million.

In May 2026, Zhejiang Anxian Yuan received a notice of tax notice (the "Anxian Yuan Tax Notice") from the Hangzhou Tax Inspection Bureau of the State Taxation Administration (國家稅務總局杭州市稅務局稽查局) (the "Hangzhou Tax Bureau") in connection with a general tax audit.

Pursuant to the Anxian Yuan Tax Notice, Zhejiang Anxian Yuan is required to:

- (i) conduct a self-investigation assessment regarding potential tax understatements for the period from 1 January 2023 to 31 December 2025; and
- (ii) settle the additional tax liabilities arising from the assessment (the "Anxian Yuan Additional Tax") on or before 15 June 2026.

As an adjusting event under HKAS 10, the Group has recognised a provision of interest charge and surcharge related to under provision of VAT of HK\$95,678,000 calculated up to the year ended 31 March 2026. The Board considers that the Anxian Yuan Additional Tax arose primarily from a divergence in interpretation between the Hangzhou Tax Bureau and the Group regarding the applicability of certain tax exemptions to the cemetery business. Based on the Group's internal assessments conducted in prior years and the legal advice provided by the Group's PRC legal advisors, the Group's historical position regarding these tax exemptions was substantiated by the relevant policy background, applicable tax regulations, actual regulatory practices, and prevailing industry standards.

The Company assesses that the Anxian Yuan Additional Tax will be a one-off and non-recurring event which will not have a material adverse effect on the Group's ongoing operations or overall financial position. The Anxian Yuan Additional Tax will be funded by the Group's internal resources and/or available bank borrowings.

Revenue

Total revenue and gross profit for the Year decreased to approximately HK\$196.3 million (2025: approximately HK\$236.4 million) and approximately HK\$125.8 million (2025: approximately HK\$173.0 million) compared with the previous year, respectively. The decrease in revenue and gross profit was mainly due to (i) the average price of tombs sold having decreased by 20% as compared with last year; and (ii) the payment of VAT amounting to HK\$14.5 million on the sales of tombs and burial services (2025: approximately HK\$0.4 million).

Of the total revenue of approximately HK\$196.3 million (2025: approximately HK\$236.4 million), sales of tombs and niches amounted to approximately HK\$176.3 million (2025: approximately HK\$206.2 million). Revenue from burial services decreased to approximately HK\$11.5 million due to the fact that the catering service in the cemetery area being outsourced to a third party (2025: approximately HK\$22.0 million).

Other income and expenses and gains, net

The Group recorded a decrease in other income by approximately HK\$2.1 million. Such a decrease was mainly due to the drop in bank interest received amounting to approximately HK\$2.1 million for the Year (2025: approximately HK\$4.9 million).

The Group recognised under provision of VAT and surcharge of approximately HK\$113.5 million. This was mainly due to additional VAT and other charges of approximately HK\$17.8 million recognised by Yin Chuan Fu Shou Yuan and approximately HK\$95.7 million recognised by Zhejiang Anxian Yuan for prior periods, respectively.

Selling and distribution expenses

Selling and distribution expenses increased from approximately HK\$22.4 million to approximately HK\$28.0 million compared with last year. This was mainly due to the increase in wage expenses for promoting the cemetery market.

Administrative expenses

Administrative expenses increased from approximately HK\$79.6 million to approximately HK\$95.2 million compared with last year. Such increase was mainly due to (i) an increase in repair and maintenance expenses of cemetery and tomb assets; (ii) the surcharges of PRC income tax for prior periods of approximately HK\$0.6 million; and (iii) impairment losses of approximately HK\$16.6 million were recognised on goodwill and non-financial assets in connection with the cemetery project in Yin Chuan Fu Shou Yuan, following an evaluation of its updated business environment and projected operating cash flows.

Finance costs

The Group recorded an increase in finance costs by approximately HK\$0.5 million year-on-year. Such an increase was primarily due to higher weighted average balances of bank borrowings during the Year.

Income tax expense

Income tax expense decreased from approximately HK\$23.6 million to approximately HK\$8.1 million, mainly due to a decrease in current PRC corporate income tax.

(Loss)/Profit for the year attributable to the owners of the Company

As a result of the reasons mentioned above, loss attributable to the owners of the Company for the Year was approximately HK\$115.9 million (2025: profit of approximately HK\$51.1 million). Such loss incurred was primarily attributable to certain non-recurring events, including (i) impairment loss recognised on goodwill and non-financial assets of approximately HK\$16.6 million; and (ii) additional VAT and other charges recognised by Yin Chuan Fu Shou Yuan and Zhejiang Anxian Yuan of approximately HK\$17.8 million and HK\$95.7 million, respectively. This reflects the impact of current market changes and the operational challenges faced during the Year. The Group will continue to focus on the whole cemetery business in the PRC.

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 for the years ended 2026 and 2025 were as follows:

	2026	2025
	HK\$'000	HK\$'000
Net cash flows generated from operating activities	41,828	72,455
Net cash flows used in investing activities	(80,534)	(129,852)
Net cash flows used in financing activities	(39,889)	(12,694)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(78,595)	(70,091)

During the Year, the net cash outflow was approximately HK\$78.6 million (2025: net cash outflow of approximately HK\$70.1 million). As at 31 March 2026, the cash and cash equivalents, fixed time deposits and financial assets at FVTPL of the Group which were denominated in HK\$, US\$ and RMB were approximately HK\$210.7 million (2025: approximately HK\$340.5 million). Cash and cash equivalents were held at financial institutions with good credit ratings. The Group had short-term bank borrowings which were denominated in RMB of approximately HK\$34.0 million (2025: approximately HK\$43.9 million) and had no long-term bank borrowings as at 31 March 2026 (2025: Nil). During the Year, the Group had spent approximately HK\$45.9 million for repayment of bank borrowings and raised new bank borrowings of approximately HK\$34.0 million in order to improve the Group's financial position.

The current ratio (current assets/current liabilities) of the Group was approximately 1.68 as at 31 March 2026 (31 March 2025: approximately 3.42). The decrease in the current ratio as at 31 March 2026, as compared to 31 March 2025, was mainly due to the decrease in cash and cash equivalents and the increase in other payables and accruals of the Group.

The gearing ratio (total liabilities/total assets) at the end of the Year was approximately 0.33 (2025: approximately 0.24).

As at 31 March 2026, the Group recorded net current assets of approximately HK\$175.0 million (31 March 2025: approximately HK\$396.2 million). It indicated the Group has sufficient working capital to meet its financial obligations and a healthy liquidity position.

CAPITAL STRUCTURE

As at 31 March 2026, the issued share capital of the Company was 2,221,363,150 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 2026 were approximately HK\$1,287.3 million (2025: approximately HK\$1,283.4 million) and approximately HK\$867.5 million (2025: approximately HK\$973.5 million), respectively. The net assets per Share was approximately HK\$0.39 (31 March 2025: approximately HK\$0.44). The decrease in net assets was mainly due to net loss attributable to owners of the Company increased to approximately HK\$115.9 million and dividend paid out of approximately HK\$24.4 million less unrealized exchange gain on translation of financial statements of foreign operations of approximately HK\$39.6 million due to the appreciation of RMB against HK\$ as at 31 March 2026.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year (2025: Nil).

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 loans were denominated in HK\$ and RMB. The PRC subsidiaries of the Group 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 has a 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 2026. No material foreign currency hedge was made during the Year.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement published on 5 June 2026 and set out in note 5, on 11 May 2026, a subsidiary of the Group, Zhejiang Anxian Yuan received a tax notice from the Anxian Yuan Tax Bureau requiring back payment of indirect tax for cemetery businesses for the period from 1 January 2023 to 31 December 2025 due to a retroactive change in local enforcement criteria for VAT exemptions. As this matter constitutes an adjusting event under HKAS 10, the Group has recognised a provision of HK\$95,678,000 for the estimated Anxian Yuan Additional Tax amount calculated up to 31 March 2026. Subsequent to the end of the reporting period, Zhejiang Anxian Yuan had settled the Anxian Yuan Additional Tax amounting to RMB36,730,000 up to the report date.

OTHER INFORMATION

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.

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 the Model Code as its own code of conduct for securities transactions by the Directors. The Company had made a 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 PRACTICES

The Company has adopted the principles and code provisions as set out in the CG Code. 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 amendments to the CG Code effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company for financial years commencing from 1 January 2026. All the corporate governance principles and code provisions mentioned in this announcement refer to those stated in the CG Code before the amendments, not the revised CG Code.

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 three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee (the "Board Committees"). 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.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Year (2025: interim dividend of HK0.5 cents per Share and final dividend of HK1.1 cents per Share, totalling at an overall payable dividend of HK1.6 cents per Share).

CLOSURE OF REGISTERS OF MEMBERS/RECORD DATES

The Company will hold its upcoming AGM on Monday, 7 September 2026. The record date for determining Shareholders' right to attend and vote at the AGM is Tuesday, 1 September 2026. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not later than 4:30 p.m. on Tuesday, 1 September 2026.

AUDIT COMMITTEE

The Audit Committee, comprising all the three Independent Non-executive Directors, has reviewed with management of the Company the accounting principals and practices 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 of the Group, for the Year.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and related notes thereto for the Year as set out in this 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 in this announcement.

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 containing all the information required under the Listing Rules will be dispatched to the Shareholders 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 and Executive Director

Hong Kong, 26 June 2026

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; and three Independent Non-executive Directors, namely Mr. Chan Koon Yung, Mr. Lum Pak Sum and Ms. Hung Wan Fong, Joanne.

GLOSSARY

In this announcement of annual results (other than the notes to the financial statements from pages 6 to 16), the following expressions shall have the following meanings unless the context otherwise requires:

AGM	annual general meeting of the Company
Anxian Yuan (Zhejiang)	安賢園(浙江)投資管理有限公司 (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
CG Code	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules
Chairman	the chairman of the Board
Company/Anxian Yuan	Anxian Yuan China Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
Director(s)	the director(s) of the Company
Executive Director(s)	the executive Director(s)
Group	the Company and its subsidiaries
HKAS	the Hong Kong Accounting Standards issued by the HKICPA
HKFRS(s)	the Hong Kong Financial Reporting Standards, collectively includes all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by the HKICPA
HKICPA	the Hong Kong Institute of Certified Public Accountants
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Non-executive Director(s)	the independent non-executive Director(s)

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
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
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 2026
Yin Chuan Fu Shou Yuan	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.*), 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 (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 (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

* *The English translation is for identification purpose only.*