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萬桐園

CHINA WAN TONG YUAN (HOLDINGS) LIMITED

中國萬桐園(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6966)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (“Board”) of directors (“Directors”) of China Wan Tong Yuan (Holdings) Limited (the “Company”) hereby presents the consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024 as follows:

FINANCIAL HIGHLIGHTS

- The revenue of the Group amounted to approximately RMB25,987,000 for the year ended 31 December 2025 (2024: RMB44,013,000), which represented a decrease of RMB18,026,000 or 41.0% as compared with the year of 2024.
- The loss attributable to owners of the Company was RMB11,783,000 for the year ended 31 December 2025 (2024: profit attributable to owners of the Company of RMB9,848,000).
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: HK0.55 cents per share).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2025

		Year ended 31 December	
		2025	2024
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	25,987	44,013
Cost of sales and services		<u>(6,024)</u>	<u>(7,414)</u>
Gross profit		19,963	36,599
Other income	5	2,222	4,138
Loss on fair value changes of financial assets at fair value through profit or loss		(2,519)	(1,066)
Impairment losses on property, plant and equipment and intangible assets		(1,015)	—
Other gains and losses, net	6	(579)	634
Distribution and selling expenses		(9,527)	(10,530)
Administrative expenses		(12,735)	(12,330)
Other expenses	7	(6,898)	(916)
Finance costs		<u>(8)</u>	<u>(19)</u>
(Loss)/profit before tax	8	(11,096)	16,510
Income tax expense	9	<u>(687)</u>	<u>(6,662)</u>
(Loss)/profit and total comprehensive (expense) income for the year attributable to owners of the Company		<u>(11,783)</u>	<u>9,848</u>
(Loss)/earnings per share			
Basic (RMB cents)	10	<u>(1.2)</u>	<u>1.0</u>

Details of the dividends proposed for the year are disclosed in note 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

		At 31 December	
		2025	2024
	NOTES	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,918	4,388
Intangible assets		91	142
Right-of-use assets		5,980	6,432
Cemetery assets	12	101,400	12,125
Financial assets at fair value through profit or loss		1,737	4,256
Prepayments and other receivables	14	7,001	83,968
		<u>118,127</u>	<u>111,311</u>
CURRENT ASSETS			
Inventories		5,867	23,458
Trade receivables	13	2,159	812
Prepayments and other receivables	14	389	27,722
Bank balances and cash		189,104	171,318
		<u>197,519</u>	<u>223,310</u>
CURRENT LIABILITIES			
Trade and other payables	15	14,202	13,085
Lease liabilities		224	270
Contract liabilities	16	6,372	6,812
Income tax payable		3,057	648
		<u>23,855</u>	<u>20,815</u>
NET CURRENT ASSETS		<u>173,664</u>	<u>202,495</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>291,791</u>	<u>313,806</u>

		At 31 December	
		2025	2024
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		—	230
Contract liabilities	16	78,657	80,330
Deferred tax liabilities		1,414	4,727
		<u>80,071</u>	<u>85,287</u>
NET ASSETS		<u>211,720</u>	<u>228,519</u>
CAPITAL AND RESERVES			
Share capital		66,192	66,192
Reserves		145,528	162,327
		<u>211,720</u>	<u>228,519</u>
Equity attributable to owners of the Company		<u>211,720</u>	<u>228,519</u>
TOTAL EQUITY		<u>211,720</u>	<u>228,519</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company				Total RMB'000
	Share capital RMB'000	Statutory surplus reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
At 1 January 2024	66,192	16,428	1,309	143,865	227,794
Profit and total comprehensive income for the year	—	—	—	9,848	9,848
Dividends recognised as distribution	—	—	—	(9,123)	(9,123)
At 31 December 2024	66,192	16,428	1,309	144,590	228,519
Loss and total comprehensive expense for the year	—	—	—	(11,783)	(11,783)
Dividends recognised as distribution	—	—	—	(5,016)	(5,016)
At 31 December 2025	66,192	16,428	1,309	127,791	211,720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

China Wan Tong Yuan (Holdings) Limited (the “Company”) was incorporated and registered in the Cayman Islands on 25 January 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is 2nd Floor, the Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands. The address of its principal place of business is No.48, Louzhuang Road, Langfang Development Area, Langfang, Hebei Province, the People’s Republic of China (the “PRC”). The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the sale of burial plots, provision of other burial-related services, cemetery maintenance services and funeral services in the PRC. The Company and its subsidiaries are collectively referred to as the “Group”.

The directors of the Company (the “Directors”) considered the Company’s parent company is Tai Shing International Investment Company Limited, a company incorporated in the British Virgin Islands (the “BVI”) and its ultimate holding company is Lily Charm Holding Limited, a company incorporated in the BVI. Both companies are controlled by Ms. Zhao Ying (“Ms. Zhao”), a non-executive director of the Company.

The consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

Except for the new IFRS Accounting Standards mentioned below, the directors of the Company (the “Directors”) anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 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 (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of IFRS 18) and IFRS 7 Financial Instruments: Disclosures. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Estimated impairment of non-current assets

The Group operates in the death care industry in China, which is subject to strict requirement of relevant regulations imposed by the government, such as strict restrictions on licenses and land supply which pose risks and uncertainties on the Group's business expansion. The uncertainties associated with the future business developments of the Group may have impact on the recoverability of its non-current assets, including property, plant and equipment, right-of-use assets, cemetery assets and prepayments and other receivable. In case that the Group is unable to obtain necessary government permits and licenses that are required to operate its business, the relevant assets may be impaired. In assessing whether there are any indicators that the relevant assets may be impaired, the management of the Group has evaluated various factors at the time of assessment, which include, but not limited to, applicable rules and regulations and their interpretation and application, contract terms, counterparty's credit rating, past experience, current market practice, professional advices and other relevant information that came to the knowledge of the management. Due to the inherent risk and uncertainty, the Group's original estimates may vary to the eventual outcome and subject to changes when more experience is accumulated, or when more updated, relevant and/or reliable information becomes available. Any changes to the estimates may cause changes to the carrying amounts of assets previously recorded, and the differences will impact the profit and loss and the carrying amount of the relevant assets during the period in which assessment is updated.

Fair value measurement of financial instruments

The Group's investments in unquoted equity instruments amounting to RMB1,737,000 (2024: RMB4,256,000) were measured at fair values determined based on unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair values of these financial instruments.

Tax and other provisions

Provisions are recognized by the Group when it has present obligation as a result of past event which the Group believes it is probable that an outflow of economic resources would be required to settle that obligation, and the amount can be reliably estimated. The amount of provisions recognized at the reporting date reflects management's best estimate of the consideration that the Group may be required to pay to settle the obligation, taking into account various factors at the time of assessment, which may include, but not limited to, the applicable rules or terms and their interpretation and application, past experience, current market practice, professional advices and other relevant information that came to the knowledge of the management and its reliability. Due to the inherent risk and uncertain nature, the estimated amount may vary from time to time and subject to changes when obligations are eventually finalized and settled, more experience is accumulated, or when more updated, relevant and/or reliable information becomes available. The eventual outcome of settlement maybe different from the estimated amount that were initially or previously recorded, and the differences will impact the profit and loss and the carrying amount in the period in which assessment is revised.

4. REVENUE AND OPERATING SEGMENTS

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December 2025			
	Sales of burial plots and provision of other burial-related services	Provision of cemetery maintenance services	Provision of funeral services	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods and service				
Sales of burial plots	13,602	—	—	13,602
Provision of other burial-related services	6,173	—	—	6,173
Provision of funeral services	—	—	2	2
Provision of cemetery maintenance services	—	6,210	—	6,210
Total	<u>19,775</u>	<u>6,210</u>	<u>2</u>	<u>25,987</u>
Timing of revenue recognition				
A point in time	13,602	—	2	13,604
Over time	6,173	6,210	—	12,383
Total	<u>19,775</u>	<u>6,210</u>	<u>2</u>	<u>25,987</u>

	Year ended 31 December 2024			
	Sales of burial plots and provision of other burial- related services <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of funeral services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and service				
Sales of burial plots	25,002	—	—	25,002
Provision of other burial-related services	6,729	—	—	6,729
Provision of funeral services	—	—	6,384	6,384
Provision of cemetery maintenance services	—	5,898	—	5,898
Total	<u>31,731</u>	<u>5,898</u>	<u>6,384</u>	<u>44,013</u>
Timing of revenue recognition				
A point in time	25,002	—	6,384	31,386
Over time	6,729	5,898	—	12,627
Total	<u>31,731</u>	<u>5,898</u>	<u>6,384</u>	<u>44,013</u>

The Value Added Tax (“VAT”) amounting to RMB10,116,000, calculated at the revised applicable VAT rate, comprises RMB8,525,000 applied to offset the revenue for the year and RMB1,591,000 applied to reduce contract liabilities as of 31 December 2025. The amount was made pursuant to a tax notice issued by the Tax Branch of the University City of the Tax Bureau of the Langfang Economic and Technological Development Zones of the State Administration of Taxation of the PRC, following a general tax inquiry conducted during the year (further details are provided in the Company’s announcement dated 29 May 2025), and a tax notice issued by the State Administration of Taxation of the PRC on 12 December 2025 which specifies the applicable VAT rate for sales of burial plots.

(ii) Performance obligations for contracts with customers

Sales of burial plots with maintenance services (multiple performance obligations)

For contracts entered into with customers on sales of burial plots. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Directors concluded that the Group does not have an enforceable right to payment prior to transfer of the burial plots to customers. Revenue from sales of burial plots is therefore recognised at a point in time when customer obtains control of the burial plot, being at the point that the burial plot is transferred to customer and the payment of the transaction price is due immediately at the point the customer purchases the burial plot.

The cemetery maintenance service is considered to be a distinct service. Transaction price is allocated between sales of burial plots and the maintenance services on a relative stand-alone selling price basis. Revenue relating to the maintenance services is recognised over time. The transaction price allocated to maintenance services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

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

Provision of other burial-related services

Other burial-related services represented revenues from miscellaneous services such as the organisation and conducting of burial rituals, the design and landscaping of the burial sites, additional engraving fees and provision of storage service for cremated remains. Revenue relating to these burial-related services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Provision of funeral services

Funeral services represented revenues from one-stop-shop services such as the organisation and conducting of funeral services. Revenue relating to these funeral services is recognised at a point in time when the services have been provided and accepted by the customer, and the payment of the transaction price is due immediately at the point the customer purchase the services.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and the expected timing of recognising revenue are as follows:

	Provision of cemetery maintenance services RMB'000	Provision of other burial-related services RMB'000	Total RMB'000
Within one year/on demand	6,289	83	6,372
More than one year but not more than two years	6,522	—	6,522
More than two years	72,135	—	72,135
	<u>84,946</u>	<u>83</u>	<u>85,029</u>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and the expected timing of recognising revenue are as follows:

	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of other burial-related services <i>RMB'000</i>	Total <i>RMB'000</i>
Within one year/on demand	6,229	583	6,812
More than one year but not more than two years	6,443	83	6,526
More than two years	<u>73,804</u>	<u>—</u>	<u>73,804</u>
	<u>86,476</u>	<u>666</u>	<u>87,142</u>

(iv) Operating segments

Information reported to executive directors of the Company, being the chief operating decision makers (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group’s operating and reportable segments are (i) sales of burial plots, and provision of other burial-related services; (ii) provision of cemetery maintenance services; and (iii) provision of funeral services in the PRC.

Segment revenue and results

Year ended 31 December 2025

	Sales of burial plots, and provision of other burial- related services <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of funeral services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>19,775</u>	<u>6,210</u>	<u>2</u>	<u>25,987</u>
Segment results	<u>10,417</u>	<u>4,473</u>	<u>(1,473)</u>	<u>13,417</u>
Other income				2,222
Other gains and losses, net				(579)
Loss on fair value changes of financial assets at FVTPL				(2,519)
Distribution and selling expenses				(9,527)
Administrative expenses				(12,735)
Other expenses				(1,367)
Finance costs				<u>(8)</u>
Loss before tax				<u><u>(11,096)</u></u>

Year ended 31 December 2024

	Sales of burial plots, and provision of other burial- related services <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of funeral services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	31,731	5,898	6,384	44,013
Segment results	27,142	4,905	4,552	36,599
Other income				4,138
Other gains and losses, net				634
Loss on fair value changes of financial assets at FVTPL				(1,066)
Distribution and selling expenses				(10,530)
Administrative expenses				(12,330)
Other expenses				(916)
Finance costs				(19)
Profit before tax				<u>16,510</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the gross profit attributable to each segment without allocation of other income, other net gains and losses, loss on fair value changes of financial assets at FVTPL, distribution and selling expenses, administrative expenses, other expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment. There was no inter-segment revenue during the current and prior years. No analysis of segment assets and liabilities is presented as it is not regularly reviewed by the CODM.

Geographical information

All of the Group's revenue is generated from sale of burial plots and provision of other burial-related services, provision of cemetery maintenance services and provision of funeral services in the PRC based on where goods are sold or services are rendered, and substantially all of the Group's identifiable assets and liabilities are located in the PRC. Therefore, no geographical information is presented.

Information about major customers

No single customer accounted for 10% or more of the Group's revenue for the current year (2024: nil).

5. OTHER INCOME

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on bank deposits	774	1,832
Imputed interest income on interest-free advance payment and deposit paid	1,412	2,279
Others	36	27
	<u>2,222</u>	<u>4,138</u>

6. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Foreign exchange (losses)/gains, net	<u>(579)</u>	<u>634</u>
	<u>(579)</u>	<u>634</u>

7. OTHER EXPENSES

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest charge and surcharge related to VAT (<i>note</i>)	(5,547)	—
Other expenses	<u>(1,351)</u>	<u>(916)</u>
	<u>(6,898)</u>	<u>(916)</u>

Note:

The amount represented interest charge and surcharge related to VAT, further details of which are set out in note 4(i) above.

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Auditors' remuneration	1,050	1,050
Depreciation of property, plant and equipment	1,464	1,587
Depreciation of right-of-use assets	452	774
Amortisation of intangible assets	24	344
Amortisation of cemetery assets (included in cost of sales and services)	2,156	664
Total depreciation and amortisation	<u>4,096</u>	<u>3,369</u>
Impairment loss on property, plant and equipment	988	—
Impairment loss on intangible assets	27	—
Total impairment losses	<u>1,015</u>	<u>—</u>
Cost of inventories recognised as an expense	2,590	2,812
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	9,099	10,101
Retirement benefit scheme contributions	835	922
Total staff costs	<u>9,934</u>	<u>11,023</u>

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC enterprise income tax	5,813	5,106
PRC enterprise income tax recovered	(1,813)	—
Deferred tax	(3,313)	1,556
	<u>687</u>	<u>6,662</u>

Income tax expense for the year can be reconciled to (loss)/profit before tax as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before tax	<u>(11,096)</u>	<u>16,510</u>
Tax at the applicable tax rate of 25%	(2,774)	4,128
Tax effect of expenses not deductible for tax purpose	2,826	1,276
Tax effect of income not taxable for tax purpose	(261)	(477)
Withholding tax on retained profits to be distributed	—	950
Tax effect of tax losses not recognized	<u>896</u>	<u>785</u>
Income tax expense	<u>687</u>	<u>6,662</u>

Note:

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate applicable to the PRC subsidiaries is 25%.

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/earnings:		
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share ((loss)/profit for the year attributable to owners of the Company)	<u>(11,783)</u>	<u>9,848</u>
Numbers of shares:		
Numbers of ordinary shares for the purpose of calculating basic earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>

No diluted (loss)/earnings per share for the year ended 31 December 2025 and 2024 were presented as there were no potential ordinary shares in issue for both years.

11. DIVIDEND

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend of HK0.55 cents (equivalent to approximately RMB0.50 cents) per share (2024: HK\$0.01 (equivalent to approximately RMB0.009))	<u>5,016</u>	<u>9,123</u>

The final dividend for 2024 of the Company was declared on 31 March 2025 and paid on 17 July 2025.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: HK 0.55 cents per share).

12. CEMETERY ASSETS

	Leasehold land <i>RMB'000</i>	Cemetery facilities <i>RMB'000</i>	Development costs <i>RMB'000</i>	Total <i>RMB'000</i>
Cost				
At 1 January 2024	7,204	9,914	699	17,817
Additions	<u>—</u>	<u>612</u>	<u>—</u>	<u>612</u>
At 31 December 2024	7,204	10,526	699	18,429
Additions	75,656	393	—	76,049
Transfer from inventories	<u>—</u>	<u>15,382</u>	<u>—</u>	<u>15,382</u>
At 31 December 2025	<u>82,860</u>	<u>26,301</u>	<u>699</u>	<u>109,860</u>
Amortisation				
At 1 January 2024	(3,471)	(1,821)	(348)	(5,640)
Provided for the year	<u>(141)</u>	<u>(506)</u>	<u>(17)</u>	<u>(664)</u>
At 31 December 2024	(3,612)	(2,327)	(365)	(6,304)
Provided for the year	<u>(1,352)</u>	<u>(787)</u>	<u>(17)</u>	<u>(2,156)</u>
At 31 December 2025	<u>(4,964)</u>	<u>(3,114)</u>	<u>(382)</u>	<u>(8,460)</u>
Carrying amount				
At 31 December 2025	<u>77,896</u>	<u>23,187</u>	<u>317</u>	<u>101,400</u>
At 31 December 2024	<u>3,592</u>	<u>8,199</u>	<u>334</u>	<u>12,125</u>

The carrying amount of leasehold land is measured under IFRS 16 at cost less accumulated amortisation and any impairment losses. The leasehold land is amortised on a straight-line basis over the lease term of 50 years.

Landscape facilities mainly represented the construction cost of arbors and bridges, certain buildings for columbarium units and burial-related service use in the mausoleum. Amortisation for landscape facilities is provided on a straight-line basis over the estimated useful life of 20 years.

Development costs represent the costs paid for the foundation work and putting the land into the condition ready for development of cemetery business. Amortisation for development costs is provided on a straight-line basis over the estimated useful life (same as leasehold land over the lease term).

Upon commencement of development of an area within the cemetery, the related carrying amounts of leasehold land and development costs are transferred to inventories.

The Group is in the process of a new cemetery project development located in Langfang relocation and settlement zone, Beijing and has incurred costs amounting to RMB75,656,000, primarily related to the acquisition of a land parcel from the local government which was transferred to the Group in February 2025. The acquisition cost, including relevant direct cost attributable to the land acquisition, was reclassified to cemetery assets and will be amortized over 50 years starting from 1 March 2025. The Group is currently applying for the construction and operating license for a commercial cemetery with relevant government authorities.

On 12 December 2025, the State Council of the People’s Republic of China issued Decree No. 824, amending the Regulations on Funeral and Interment Management (the “New Policy”), which will take effect from 30 March 2026. According to the latest responses and feedbacks from relevant government authorities and the opinion from the Group’s external legal counsel, the management of the Group has evaluated the relevant facts and circumstances within their knowledge, and concluded that the New Policy would not impose restriction on its application for the construction and operating license for a commercial cemetery, and it is reasonably certain that the Group will obtain such a license. The eventual outcome will affect the recoverability of the cemetery assets. Nevertheless, according to the state-owned land use right transfer contract entered into with the government and based on the opinion from the Group’s legal counsel, the Group will have the right to request for refund of its land acquisition and compensate the relevant direct costs and losses incurred in the event that the construction and operating license for a commercial cemetery is not granted by the government.

The Group is in the process of obtaining the land use right certificate, and the Directors are of the view that there would not be any obstacles to obtain the certificate.

13. TRADE RECEIVABLES

	At 31 December	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables from contract with customers	2,159	812
Less: Allowance for credit losses	—	—
	<u>2,159</u>	<u>812</u>

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB548,000.

The aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of reporting period is as follows:

	At 31 December	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Within one year	1,897	812
Over one year but less than two years	262	—
	<u>2,159</u>	<u>812</u>

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,159,000 (2024: RMB812,000) which are past due as at the reporting date.

14. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Guarantee deposit and payments for a cemetery project (<i>note (a)</i>)	7,001	9,753
Prepaid land acquisition costs (<i>note (b)</i>)	—	54,714
Advance payment for land demolition (<i>note (c)</i>)	—	16,501
Other receivables (<i>note (d)</i>)	—	3,000
	7,001	83,968
Current		
Prepayments	269	529
Advance payment for land demolition (<i>note (c)</i>)	—	26,658
Others	120	535
	389	27,722

Notes:

- (a) The amount represents the interest-free guarantee deposit paid to a minority shareholder, Langfang Xinhangcheng Real Estate Development Co., Limited (廊坊市新航城房地產開發有限公司, “Xinhangcheng”) for development of a new cemetery project located in Langfang relocation and settlement zone, Beijing, and should there be no breach on the part of Langfang Wantong Cemetery Co., Ltd. (“Langfang Wantong”, a subsidiary of the Company) before the official commencement of operation of the cemetery, Xinhangcheng shall within 90 days therefrom refund the guarantee deposit to Langfang Wantong. The difference between the nominal amount and the fair value of the guarantee deposit at initial recognition was regarded as payments for a cemetery project, the balance has been reclassified to cemetery assets together with the land use right and other related costs during the current year (refer to note 12).
- (b) During the year ended 31 December 2024, the Group entered into a state-owned land use right transfer contract with the Langfang Bureau of Natural Resources and Planning (廊坊市自然資源和規劃局) in relation to the acquisition of land use right for a land parcel at a cash consideration of RMB54,714,000. The payment was fully settled by the Group in 2024, and the balance has been reclassified to cemetery assets during the current year upon the transfer of the land use right to the Group (refer to note 12).

- (c) The balances mainly represented interest-free advance payments to Baijiawu Office (白家務辦事處, a local government department) for the land demolition relating to the development of a new cemetery project located in Langfang Relocation and Settlement Zone, Beijing. As of 31 December 2025, the Group has made a total payment of RMB43,159,000, out of which approximately RMB17,957,000 is related to the direct cost attributable to the land acquisition, and has been transferred to cemetery assets upon completion of the acquisition during the current year (refer to note 12). The remaining amount of RMB25,202,000 was repaid to Langfang Wantong in November 2025.
- (d) The amount represented an interest-bearing advance payment to Langfang Funeral Parlour (廊坊市殯儀館, a business unit under Langfang Civil Affairs Bureau). Pursuant to the agreement entered into between Langfang Wantong and Langfang Funeral Parlour in 2022, Langfang Wantong was entrusted to provide certain extended funeral services in Langfang Funeral Parlour. The Group has terminated the funeral service business, and Langfang Funeral Parlour has repaid the amount to the Group in 2025.

15. TRADE AND OTHER PAYABLES

	At 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	6,278	8,762
Other payables and accrued expenses	7,924	4,323
	<u>14,202</u>	<u>13,085</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	At 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	1,285	6,169
1 to 2 years	4,993	2,593
	<u>6,278</u>	<u>8,762</u>

16. CONTRACT LIABILITIES

Contract liabilities represent the obligations to furnish cemetery maintenance services and other burial-related services in accordance with the revenue recognition policy and the nature of the business.

	At 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Provision of cemetery maintenance services (<i>note</i>)	84,946	86,476
Provision of other burial-related services	<u>83</u>	<u>666</u>
	<u>85,029</u>	<u>87,142</u>
Current	6,372	6,812
Non-current	<u>78,657</u>	<u>80,330</u>
	<u>85,029</u>	<u>87,142</u>

Note:

The contract liabilities mainly represented long-term advances received from customers. Customers who purchase burial plots are required to make advance payments for maintenance fees, relating to the on-going cemetery maintenance services of their burial plots and memorials for 20 years, and such amounts are generally paid together with the purchase of burial plots.

The following table presented the amounts of revenue recognised in profit or loss which were included in contract liabilities carried forward from prior periods.

Year ended 31 December 2025

	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of other burial- related services <i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>6,229</u>	<u>583</u>

Year ended 31 December 2024

	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of other burial- related services <i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>5,750</u>	<u>1,517</u>

The Group receives all the contract amounts when signing the contracts with customers on sales of burial plots and provision of cemetery maintenance services. Transaction price is allocated between sales of burial plots and the maintenance services on a relative standalone selling price basis. The transaction price allocated to the maintenance services is recognised as a contract liability at the time of the initial sales transaction. The Group considers the advance payment does not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money taking into consideration that the payment terms were not structured primarily for the provision of finance to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 December 2025, the Group was principally engaged in the sale of burial plots, provision of other burial services, provision of cemetery maintenance services and provision of funeral services in Langfang, the PRC.

Sales of burial plots and provision of other burial services

Burial services were the largest component of our revenue, representing RMB19.8 million or 76.1% of our revenue for the year ended 31 December 2025 (2024: RMB31.7 million or 72.1%).

The burial services market in Langfang is concentrated. Demand for our burial services and growth in our revenue are driven by the overall demand for burial services in Langfang and the Jing-Jin-Ji megalopolis at large. We believe our reputation, quality of services, and well-maintained and conveniently located facilities allow us to compete effectively in Langfang.

Provision of cemetery maintenance services

We provide ongoing cemetery maintenance services as an integral part of our burial services to maintain our beautiful landscaped cemetery. Customers pay for maintenance fees upfront when they sign the sales contracts to purchase the burial plots. Our revenue from cemetery maintenance services was RMB6.2 million for the year ended 31 December 2025 (2024: RMB5.9 million).

Provision of funeral services

Funeral services represented revenues from one-stop-shop services such as the organisation and conducting of funeral services. Revenue relating to these funeral services is recognised at a point in time when the services have been provided and accepted by the customer, and the payment of the transaction price is due immediately at the point the customer purchases the services. Our revenue from provision of funeral services was RMB2 thousand for the year ended 31 December 2025 (2024: RMB6.4 million). The decrease was due to a decline in demand resulting from termination of funeral services in Langfang Funeral Parlour (廊坊市殯儀館) and the adjustment of the scope of funeral services at the existing service venue.

BUSINESS OUTLOOK AND RECENT DEVELOPMENT

The months around the Qing Ming Festival, a traditional festival for tomb sweeping, including February, March and April, have always been the peak seasons for the sales of the Group's burial services. In addition to the customers with normal demands of purchasing burial plots for interment after their relatives passed away and being cremated, we expect that there will be customers who need to relocate columbarium or graves in the process of urban demolition and renovation to purchase a burial plot or choose a columbarium storage service tailored to their needs. The Group will continue to uphold its belief, improve supporting environmental facilities, enrich product offerings and enhance quality, and persist in upgrading our "Cloud Tomb-sweeping" services. On top of ensuring stable and ordered operation, we will continue to innovate and enhance our cemetery operations and provide quality services to our customers.

The Group aspires to strengthen its market position in Langfang and expand its business in the Jing-Jin-Ji megalopolis and beyond through the following strategies.

DEVELOPMENT AND FUND UTILIZATION PLAN

The joint venture cemetery project (the "JV Cemetery Project") developed between the Group and Langfang Xinhangcheng Real Estate Development Co., Limited (廊坊市新航城房地產開發有限公司, "Xinhangcheng") is a major development project of the Group, details of which are set out in the announcement and circular of the Company dated 30 June 2020 and 24 August 2020 and 2 December 2024, respectively. The JV Company was jointly established by Langfang Wantong and Xinhangcheng on 31 July 2020.

On 2 December 2024, the JV Company has entered into a state-owned land use right transfer contract with the Langfang Bureau of Natural Resources and Planning* (廊坊市自然資源和規劃局) in relation to the acquisition of the land use right of the a parcel of land located at north side of Yongding Road and west side of Yongxing River of Langfang, Hebei Province, the PRC (中國河北省廊坊市永定路北側、永興河西側) with a site area of 70,546.27 square metres (the "Land") at a consideration of RMB54,713,600 (the "Land Acquisition"). For more details, please refer to the announcement of the Company dated 2 December 2024. Completion of the Land Acquisition took place in February 2025.

The Company has been in the progress of obtaining relevant approvals from government authorities for the construction of an operational cemetery.

As at the date of this announcement, the registered capital of the JV Company of RMB23.2 million payable by Langfang Wantong has not been paid. During the development stage of the JV Cemetery Project, the Group expected that such registered capital will be paid up in order to provide the JV Company with funds for the development of the JV Cemetery Project.

The Group will build operating burial plots for sales in the New Airport (Langfang area), Relocation and Settlement Zone, Beijing* (北京新機場(廊坊區域)回遷安置區) and partial storage of the cremation urns and ashes for villagers of the relocated village in the airport economic zone, which will involve the commencement of the construction and development of an operational cemetery by the JV Company in accordance with the planning of the Land, which is subject to government approval. After the Land Acquisition, it is expected that the JV Company will develop and construct buildings and ancillary facilities on the Land, including office buildings, ancillary facilities, columbarium and cemetery, at an estimated total development cost of approximately RMB50 million. In addition, the administrative, labor and other miscellaneous expenses to be incurred are estimated to be approximately RMB4 million. Pursuant to the JV Agreement, the Group is under the obligation to provide shareholder's loan to the JV Company at the interest rate of 6.9% per annum for the JV Cemetery Project should there be capital requirements. Langfang Wantong has provided a shareholder's loan to the JV Company to fund the acquisition of Land in 2024. In November 2025, the joint venture received the advance payment for land demolition compensation for the acquired land, and continued to communicate to optimise and adjust the construction detailed planning scheme for the JV Cemetery Project. After obtaining government approval, the project is expected to commence construction in the second half of 2026.

The Company is of the view that 2026 to 2028 will be a crucial period of time for the Group. The Company believes that it is well prepared to pursue its corporate goals. Leveraging its financial resources, the Directors are confident that the Group will benefit from its investment and create return for its shareholders and enhance shareholders' value.

As at 31 December 2025, the Company had bank balances and cash of RMB189.1 million, representing an excellent liquidity position. The Company is confident that the Company will have sufficient funds to swiftly and efficiently allocate and utilise such immediately available funds as development costs of the Cemetery JV Project as and when required. The Company has been preparing for the further development of the business of the Group, and believes that it is in a good position to grasp opportunities with the cash accumulated, which gives the Group flexibility and minimises financing costs for development.

PROSPECTS

The Group aspires to strengthen its market position in Langfang and expand its business in the Jing-Jin-Ji megalopolis and beyond through (1) tapping further into the burial services market in the Jing-Jin-Ji megalopolis; (2) providing columbarium collective storage services, actively cooperating and supporting the local government's city development plan; (3) continuing to look for opportunities to expand its scale and scope of funeral services; and (4) pursuing strategic alliance and acquisition opportunities, and actively develop the JV Cemetery Project.

The Group further strengthens its market position in Langfang by further continuing to innovate and enhance its cemetery operations, upgrading its “Cloud Tomb-sweeping” online sweeping services, diversifying its burial-related services, and enhancing its marketing efforts.

The JV Cemetery Project is one of the major development projects of the Group in deepening its market positioning in the Jing-Jin-Ji megalopolis. The Group is financially and operationally well-prepared to commence and give full play to the planning and development of the JV Cemetery Project. The management believes that the project will facilitate the Group to strengthen and expand its burial market position in Langfang and Jing-Jin-Ji megalopolis.

In respect of provision of columbarium collective storage service, the Group will continue to actively cooperate and support the local government’s urban demolition and reconstruction projects, and actively provide relevant professional ash storage services to villages and streets with ash placement needs.

In light of tightened policy environment, progress on the Group’s planned expansion of funeral service projects has been limited. Nevertheless, we will continue to rely on our established team of professional funeral service team to provide related services within our own facilities and look for future expansion opportunities, serving as a supplementary business and a means of resource integration. At the same time, we are gradually building effective connections with local healthcare and elderly care institutions as well as community resources, aiming to capture greater market share by offering services that are more convenient, efficient, and of higher quality, thereby broadening the scope of beneficiaries through multiple channels. The Group will continue to roll out diversified product offerings and convenient services that cater to different consumer segments, while also deepening our expertise in areas such as plot maintenance, interment, and memorial services. By expanding into more personalised and human-centred offerings, we seek to continuously enrich both the breadth and depth of our services, ultimately enhancing customer experience and satisfaction.

The Directors are confident that the Group can achieve steady development with its stable and ordered operations and innovation.

Financial Review

Revenue

Our revenue for the year ended 31 December 2025 was substantially generated from: (i) sale of burial plots, which includes the control of the burial plots and headstones and other ancillary products to be used on the burial plots; (ii) provision of other burial-related services such as the organisation and conducting of interment rituals, the design, construction and landscaping of the burial plots, and the engraving of inscriptions and ceramic photographs on the headstones; (iii) provision of cemetery maintenance services; and (iv) provision of funeral services. The table below sets forth a breakdown of our revenue:

	Year ended 31 December			
	2025	Percentage of total revenue	2024	Percentage of total revenue
	Revenue (RMB'000)	%	Revenue (RMB'000)	%
Burial services				
Sales of burial plots	13,602	52.3%	25,002	56.8%
Provision of other burial-related services	6,173	23.8%	6,729	15.3%
	19,775	76.1%	31,731	72.1%
Provision of cemetery maintenance services	6,210	23.9%	5,898	13.4%
Provision of funeral services	2	0.0%	6,384	14.5%
	25,987	100.0%	44,013	100.0%

The Group's revenue decreased by 41.0% from RMB44.0 million in 2024 to RMB26.0 million in 2025, primarily due to the payment of additional revaluation of value-added tax on burial services income for prior periods, as well as the decrease in revenue of RMB18.0 million resulting from a decline in the unit selling price of burial plots and lower demand for funeral services resulting from the termination of funeral services in Langfang Funeral Parlous (廊坊市殯儀館) and the adjustment of the scope of funeral services at the existing service venue.

Cost of sales and services

Cost of sales and services consists primarily of the costs we incurred in relation to the sales and provision of our services. Our cost of sales and services was RMB6.0 million in 2025 (2024: RMB7.4 million), with a decrease of 18.9%.

	Year ended 31 December			
	2025	Percentage of total cost of sales and services (RMB'000) %	2024	Percentage of total cost of sales and services (RMB'000) %
Burial services	4,703	78.1%	4,589	61.9%
Provision of cemetery maintenance services	861	14.3%	993	13.4%
Provision of funeral services	460	7.6%	1,832	24.7%
	<u>6,024</u>	<u>100.0%</u>	<u>7,414</u>	<u>100.0%</u>

The Group's cost of sales and services consists primarily of the costs it incurred in relation to the provision of its services, including the headstone cost, construction cost of columbarium units, land acquisition cost, funeral services cost, cemetery maintenance cost, burial-related cost and others.

The Group's cost of sales and services for burial services decreased by 18.9% from RMB7.4 million in 2024 to RMB6.0 million in 2025, primarily due to lower demand for funeral services in 2025.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales and services. Our gross profit for 2025 and 2024 was RMB19.7 million and RMB36.6 million, respectively.

	Year ended 31 December			
	2025		2024	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Burial business	15,072	74.9%	27,142	85.5%
Provision of cemetery maintenance services	5,349	86.1%	4,905	83.2%
Provision of funeral services	(458)	—	4,552	71.3%
	<u>19,963</u>	<u>76.8%</u>	<u>36,599</u>	<u>83.2%</u>

Our overall gross profit margin for 2025 and 2024 was 76.8% and 83.2%, respectively. Our relatively high gross profit margins during the year were primarily due to (i) the relatively high gross profit margins in the burial industry; (ii) our ability to provide high-quality burial services; and (iii) the relatively low land acquisition cost for our cemetery recognised in 2000's.

Other income

The Group's other income decreased by 46.3% from RMB4.1 million in 2024 to RMB2.2 million in 2025. The decrease was primarily due to the decrease in interest income from bank deposits and interest income on amounts due from related parties.

Other expenses

The Group's other expenses increased by RMB6.0 million from RMB0.9 million in 2024 to RMB6.9 million in 2025, mainly due to the interest charge and surcharges of RMB5.5 million arising from the recognition or payment of additional revalued value-added tax for prior periods and the current period by its subsidiary, following notifications from the tax authorities and in accordance with relevant tax regulations.

Loss on fair value changes of financial assets at fair value through profit or loss

The Group's loss on fair value changes of financial assets at fair value through profit or loss for 2025 was RMB2.5 million, representing an increase of RMB1.4 million from RMB1.1 million in 2024. The increase was primarily due to deterioration of the financial performance of the investee company, resulting in a decrease in the assessed fair value of the financial asset held by the Group.

Impairment of fixed assets and intangible assets

The Group's impairment loss on fixed assets and intangible assets for 2025 amounted to RMB1.0 million (2024 : nil). The impairment was attributable to the ancillary facilities related to the funeral services, resulting from a decline in demand for funeral services due to the adjustment in service scale and scope of the funeral service venue.

Distribution and selling expenses

Our distribution and selling expenses decreased by 9.5% from RMB10.5 million for 2024 to RMB9.5 million for 2025, primarily due to reductions in staff and travel expenses.

Administrative expenses

Our administrative expenses were RMB12.7 million in 2025, representing an increase of 3.3% from RMB12.3 million in 2024. The increase was primarily due to the amortisation of the additional cemetery assets.

Profit/loss before tax

As a result of the above, our loss before tax was RMB11.1 million for 2025 as compared to the profit before tax of RMB16.5 million for 2024.

Income tax expense

The Group's income tax expense for 2025 was RMB0.7 million, representing a decrease of RMB6.0 million from income tax expense of RMB6.7 million in 2024. The decrease was primarily due to (i) a decrease in taxes payable as the Group recorded loss before tax during the period; (ii) the payment and accrual of additional reassessment of value-added tax and surcharges for prior periods resulting in an expected refund of RMB1.8 million of overpaid income tax in prior periods; and (iii) a decrease in income tax expense of RMB0.6 million as a result of the recognition of deferred tax assets due to the decrease in fair value of financial assets held and the recognition of asset impairment.

Profit/loss and total comprehensive income/expense for the year

As a result of the foregoing, the Group's loss and total comprehensive expense for the year amounted to RMB11.8 million in 2025, while the Group's profit and total comprehensive income for the year amounted to RMB9.8 million in 2024. The Group's net profit margin was 22.4% in 2024.

Earnings/loss per share

The basic loss per share for the year ended 31 December 2025 calculated based on the number of 1,000,000,000 ordinary shares was RMB0.012 (basic earnings per share for the year ended 31 December 2024: RMB0.010).

Cash Flow

Our cash and cash equivalents increased by RMB17.8 million to RMB189.1 million as at 31 December 2025 from RMB171.3 million as at 31 December 2024, principally attributable to the investing cash inflow arising from the collection of advance payment for land demolition of the Cemetery JV project.

Pledge of assets

There was no charge on the Group's assets as at 31 December 2025 and 2024.

Inventories

Our inventories primarily consist of burial plots, tombstones and others. The related carrying amounts of the cemetery assets attributable to the burial plots are transferred to inventory upon the commencement of development of cemetery assets into burial plots with the intention of sale in the ordinary course of business. Tombstones are recognised as inventory when they are set up in the cemetery and accepted by the Group. Inventories are transferred to cost when the customer obtains the control of the burial plot. Our inventories amounted to RMB5.9 million as at 31 December 2025 (31 December 2024: RMB23.5 million). The decrease was mainly due to the reclassification of columbarium units to cemetery assets as a result of the change in the intended use from sales to integration into the Group's cemetery operations.

Prepayments and other receivables

Our prepayments and other receivables decreased from RMB111.7 million as at 31 December 2024 to RMB7.4 million as at 31 December 2025, principally attributable to the reclassification of direct costs related to the land premium for the Cemetery JV Project to cemetery assets, as well as the collection of advance payment land demolition of the Cemetery JV project.

Trade and other payables

Our trade and other payables increased by 8.4% from RMB13.1 million as at 31 December 2024 to RMB14.2 million as at 31 December 2025, mainly due to the increase in outstanding construction payment of tombstones to suppliers.

Contract liabilities

Contract liabilities represent the obligations to furnish cemetery maintenance and other burial related services in accordance with the revenue recognition policy and the nature of the business.

As at 31 December 2025, current contract liabilities amounted to RMB6.4 million (31 December 2024: RMB6.8 million). The decrease is mainly due to the decrease in receipt-in-advance of the other burial-related services.

As at 31 December 2025, non-current contract liabilities amounted to RMB78.7 million (31 December 2024: RMB80.3 million). The decrease in non-current contract liabilities is mainly due to amortisation of advances from customers and their recognition as revenue during the current year.

Capital structure

During the year ended 31 December 2025, there was no change to the capital structure of the Company.

Liquidity and financial resources

As at 31 December 2025, we had bank balances and cash of approximately RMB189.1 million (2024: RMB171.3 million). We have financed our working capital, capital expenditures and other capital requirements primarily through income generated from our operations. As at 31 December 2025, the Group had no bank loan or borrowings. In the future, we expect to fund our capital expenditures, working capital and other capital requirements from the Group's bank balances and cash, cash generated from our operations and other borrowings.

Gearing ratio

The Directors review the capital structure on annual basis. As part of this review, the Directors consider the cost of capital and the risk associated with each class of shares. Based on the recommendations of the Directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares and repurchase of shares as well as issue of new debts or the redemption of existing debts.

As at 31 December 2025, the gearing ratio of the Group, being total liabilities to total assets, was 32.9% (2024: 31.7%), which indicated the Group's healthy liquidity position.

Employee remuneration and relations

As at 31 December 2025, the Group had a total of 54 employees (2024: 73 employees). The Group provides employees with competitive remuneration and benefits, and the remuneration policy will be reviewed on a regular basis based on the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance the employees' skills and capabilities in all aspects.

Operating lease

As at 31 December 2025, the Group had no lease payment receivables (2024: nil).

Commitments

As at 31 December 2025, the Group had no capital commitments in respect of expenditure in intangible assets (2024: nil).

Contingent liabilities

As at 31 December 2025, the Group had no material contingent liabilities (2024: nil).

Foreign currency risk

The Group's business is principally denominated in Renminbi. As certain bank deposits are denominated in Hong Kong dollars, therefore, the Group is exposed to foreign currency exchange risk. No currency hedging arrangement had been made by the Group during the year. The Directors have positive attitude to regular monitor the exposure to foreign exchange so as to reduce the foreign exchange rate risk to minimal.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares) during the year ended 31 December 2025.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The Board is not aware of any significant events affecting the Group, which have occurred subsequent to 31 December 2025 and up to the date of this announcement.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: HK0.55 cents per share).

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining good corporate governance practices and procedures. For the year ended 31 December 2025, the Board has adopted its own code on corporate governance practices which incorporates all the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Directors will continue to review the Company's corporate governance practices in order to enhance its corporate governance standard and ensure further standards be put in place by reference to the recommended best practices whenever suitable and appropriate. The Directors confirm that the Company has complied with the code provisions of the Corporate Governance Code and the code on corporate governance practices of the Company during the year ended 31 December 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as its own code of conduct for Directors' and employees' securities transactions ("Securities Dealing Code"). Having made specific enquiry of all the Directors and members of the senior management, they have confirmed their compliance with required standard set out in the Securities Dealing Code during the year.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements for the year ended 31 December 2025, including the accounting principles and practices adopted by the Group with the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made, and recommended to the Board for approval.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 30 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2025 is scheduled to be held on 4 June 2026 (Thursday) (the “AGM”). A notice convening the AGM will be issued and disseminated to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 1 June 2026 (Monday) to 4 June 2026 (Thursday) (both days inclusive) during which no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming AGM of the Company, all completed transfer documents accompanying with the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on 29 May 2026 (Friday).

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “anticipate”, “expect”, “intend”, “may”, “will” or “should” or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects and growth strategies of the Group, and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinawty.com) and the 2025 annual report of the Company will be dispatched to the shareholders and published on the Company's and the Stock Exchange's websites in due course.

By order of the Board
China Wan Tong Yuan (Holdings) Limited
Zhao Ying
Chairman

Hong Kong, 30 March 2026

As at the date of this announcement, the Board of the Company comprises the chairman and non-executive Director of the Company, namely Ms. Zhao Ying, three executive Directors of the Company, namely Ms. Li Xingying, Ms. Wang Wei and Mr. Yang Yun, and three independent non-executive Directors of the Company, namely Mr. Cheung Ying Kwan, Dr. Wong Wing Kuen, Albert and Mr. Choi Hon Keung, Simon.