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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 2024**

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 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

FINANCIAL HIGHLIGHTS

- The revenue of the Group amounted to approximately RMB44,013,000 for the year ended 31 December 2024 (2023: RMB56,931,000), which represented a decrease of RMB12,918,000 or 22.7% as compared with the year of 2023.
- The profit attributable to owners of the Company was RMB9,848,000 for the year ended 31 December 2024 (2023: RMB17,602,000), which represented a decrease of RMB7,754,000 or 44.1% as compared with the year of 2023.
- The Board recommended the payment of a final dividend of HK\$0.55 cents per share for the year ended 31 December 2024 (2023: HK\$1 cents).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | | Year ended 31 December | |
|---|--------------|-------------------------------|----------------|
| | | 2024 | 2023 |
| | <i>NOTES</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 3 | 44,013 | 56,931 |
| Cost of sales and services | | <u>(7,414)</u> | <u>(9,179)</u> |
| Gross profit | | 36,599 | 47,752 |
| Other income | 4 | 4,138 | 3,524 |
| Other gains and losses, net | 5 | 634 | 579 |
| Loss on fair value changes of financial assets at fair value through profit or loss | | (1,066) | (1,587) |
| Loss on fair value change of investment property | | — | (20) |
| Distribution and selling expenses | | (10,530) | (10,865) |
| Administrative expenses | | (12,330) | (12,276) |
| Other expenses | | (916) | (877) |
| Finance costs | | <u>(19)</u> | <u>(45)</u> |
| Profit before tax | 6 | 16,510 | 26,185 |
| Income tax expense | 7 | <u>(6,662)</u> | <u>(8,583)</u> |
| Profit and total comprehensive income for the year attributable to owners of the Company | | <u>9,848</u> | <u>17,602</u> |
| Earnings per share | | | |
| Basic (RMB cents) | 8 | <u>1.0</u> | <u>1.8</u> |

Details of the dividends proposed for the year are disclosed in note 9.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | | At 31 December | |
|--|--------------|-----------------------|----------------|
| | | 2024 | 2023 |
| | <i>NOTES</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 4,388 | 5,925 |
| Intangible assets | | 142 | 486 |
| Right-of-use assets | | 6,432 | 6,669 |
| Cemetery assets | 10 | 12,125 | 12,177 |
| Financial assets at fair value through profit or loss | | 4,256 | 5,322 |
| Prepayments and other receivables | 11 | 83,968 | 12,270 |
| Deferred tax assets | | — | 244 |
| | | 111,311 | 43,093 |
| CURRENT ASSETS | | | |
| Inventories | | 23,458 | 21,231 |
| Trade receivables | | 812 | 548 |
| Prepayments and other receivables | 11 | 27,722 | 29,749 |
| Bank balances and cash | | 171,318 | 234,986 |
| | | 223,310 | 286,514 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 13,085 | 12,796 |
| Lease liabilities | | 270 | 538 |
| Contract liabilities | 13 | 6,812 | 7,357 |
| Income tax payable | | 648 | 543 |
| | | 20,815 | 21,234 |
| NET CURRENT ASSETS | | 202,495 | 265,280 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 313,806 | 308,373 |

| | <i>NOTES</i> | At 31 December | |
|---|--------------|-----------------------|-----------------------|
| | | 2024 | 2023 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 230 | — |
| Contract liabilities | 13 | 80,330 | 77,164 |
| Deferred tax liabilities | | 4,727 | 3,415 |
| | | 85,287 | 80,579 |
| NET ASSETS | | 228,519 | 227,794 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 66,192 | 66,192 |
| Reserves | | 162,327 | 161,602 |
| Equity attributable to owners of the Company | | 228,519 | 227,794 |
| TOTAL EQUITY | | 228,519 | 227,794 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

| | Attributable to owners of the Company | | | | |
|---|---------------------------------------|---------------------------------|-------------------|----------------------|----------------|
| | Share capital | Statutory surplus reserve | Other reserves | Retained earnings | Total |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| At 1 January 2023 | 66,192 | 16,428 | 1,309 | 126,263 | 210,192 |
| Profit and total comprehensive income for the year | — | — | — | 17,602 | 17,602 |
| At 31 December 2023 | 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 and columbarium units, provision of other burial-related services, provision of cemetery maintenance services and provision of funeral services in the PRC. The Company and its subsidiaries are collectively referred to as the “Group”.

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”).

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 INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

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

In the current year, the Group has applied the following amendments to 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 2024 for the preparation of the consolidated financial statements:

| | |
|--------------------------------|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

In addition, the Group applied the agenda decision of the Committee, including Climate-related Commitments (IAS 37 Provisions, Contingent Liabilities and Contingent Assets), which is relevant to the Group.

The application of the amendments to IFRS Accounting Standards and the Committee’s agenda decision 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 ³ |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature dependent Electricity ³ |
| 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 ³ |
| Amendments to IAS 21 | Lack of Exchangeability ² |
| IFRS 18 | Presentation and Disclosure in Financial Statements ⁴ |

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 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company (the “Directors”) anticipate that the application of all 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, 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 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 and IFRS 7. 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. 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 IFRS 18 on the Group’s consolidated financial statements.

3. REVENUE AND OPERATING SEGMENTS

(i) Disaggregation of revenue from contracts with customers

| | Year ended 31 December 2024 | | | |
|--|---|---|---|-------------------------|
| | Sales of burial plots, columbarium units, 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> |

| | Year ended 31 December 2023 | | | |
|--|---|---|---|-------------------------|
| | Sales of burial plots, columbarium units, 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 | 37,566 | — | — | 37,566 |
| Provision of other burial-related services | 7,611 | — | — | 7,611 |
| Provision of funeral services | — | — | 6,259 | 6,259 |
| Provision of cemetery maintenance services | — | 5,495 | — | 5,495 |
| Total | <u>45,177</u> | <u>5,495</u> | <u>6,259</u> | <u>56,931</u> |
| Timing of revenue recognition | | | | |
| A point in time | 37,566 | — | 6,259 | 43,825 |
| Over time | <u>7,611</u> | <u>5,495</u> | <u>—</u> | <u>13,106</u> |
| Total | <u>45,177</u> | <u>5,495</u> | <u>6,259</u> | <u>56,931</u> |

(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, the relevant burial plots specified in the contracts have no alternative use to the Group. 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.

Sales of columbarium units

For contracts entered into with customers on sales of columbarium units, the relevant columbarium units specified in the contracts have no alternative use to the Group. 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 columbarium units to customers. Revenue from sales of columbarium units is therefore recognised at a point in time when customer obtains control of the columbarium unit, being at the point that the columbarium units is transferred to customers and the payment of the transaction price is due immediately at the point the customer purchases the columbarium units. The Group did not have any sale of columbarium units during the years presented.

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 temporary 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 2024 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 | 6,229 | 583 | 6,812 |
| More than one year but not more than two years | 6,443 | 83 | 6,526 |
| More than two years | 73,804 | — | 73,804 |
| | 86,476 | 666 | 87,142 |

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 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 | 5,840 | 1,517 | 7,357 |
| More than one year but not more than two years | 6,036 | 328 | 6,364 |
| More than two years | 70,800 | — | 70,800 |
| | 82,676 | 1,845 | 84,521 |

(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, columbarium units 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 2024*

| | Sales of burial plots, columbarium units, 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>31,731</u> | <u>5,898</u> | <u>6,384</u> | <u>44,013</u> |
| Segment results | 27,142 | 4,905 | 4,552 | <u>36,599</u> |
| 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 | | | | <u>(19)</u> |
| Profit before tax | | | | <u><u>16,510</u></u> |

Year ended 31 December 2023

| | Sales of burial plots, columbarium units, 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 | 45,177 | 5,495 | 6,259 | 56,931 |
| Segment results | 38,691 | 4,764 | 4,297 | 47,752 |
| Other income | | | | 3,524 |
| Other gains and losses, net | | | | 579 |
| Loss on fair value change of investment property | | | | (20) |
| Loss on fair value changes of financial assets at FVTPL | | | | (1,587) |
| Distribution and selling expenses | | | | (10,865) |
| Administrative expenses | | | | (12,276) |
| Other expenses | | | | (877) |
| Finance costs | | | | (45) |
| Profit before tax | | | | 26,185 |

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the gross profit attributable to each segment without allocation of other income, other gains and losses, loss on fair value change of investment property, 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, columbarium units 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 (2023: nil).

4. OTHER INCOME

| | Year ended 31 December | |
|---|------------------------|----------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interest income on bank deposits | 1,832 | 1,281 |
| Imputed interest income on interest-free advance payment and deposit paid | 2,279 | 2,220 |
| Others | 27 | 23 |
| | <u>4,138</u> | <u>3,524</u> |

5. OTHER GAINS AND LOSSES, NET

| | Year ended 31 December | |
|-----------------------------|------------------------|----------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Foreign exchange gains, net | 634 | 579 |
| | <u>634</u> | <u>579</u> |

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

| | Year ended 31 December | |
|--|------------------------|----------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Auditors' remuneration | 1,050 | 1,050 |
| Depreciation of property, plant and equipment | 1,587 | 1,379 |
| Depreciation of right-of-use assets | 774 | 613 |
| Amortisation of intangible assets | 344 | 336 |
| Amortisation of cemetery assets (included in cost of sales and services) | 664 | 647 |
| Total depreciation and amortisation | <u>3,369</u> | <u>2,975</u> |
| Cost of inventories recognised as an expense | 2,812 | 4,347 |
| Staff costs, including directors' remuneration: | | |
| Salaries, wages and other benefits | 10,101 | 10,303 |
| Retirement benefit scheme contributions | 922 | 726 |
| Total staff costs | <u>11,023</u> | <u>11,029</u> |

7. INCOME TAX EXPENSE

| | Year ended 31 December | |
|-------------------------------|------------------------|----------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current enterprise income tax | 5,106 | 7,529 |
| Deferred tax | 1,556 | 1,054 |
| | <u>6,662</u> | <u>8,583</u> |

Income tax expense for the year can be reconciled to profit before tax as follows:

| | Year ended 31 December | |
|---|------------------------|----------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit before tax | <u>16,510</u> | <u>26,185</u> |
| Tax at the applicable tax rate of 25% | 4,128 | 6,546 |
| Tax effect of expenses not deductible for tax purpose | 1,276 | 956 |
| Tax effect of income not taxable for tax purpose | (477) | (237) |
| Withholding tax on retained profits to be distributed | 950 | 600 |
| Tax effect of tax losses not recognised | 785 | 719 |
| Utilisation of tax losses previously not recognised | <u>—</u> | <u>(1)</u> |
| Income tax expense | <u>6,662</u> | <u>8,583</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.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group’s consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

8. EARNINGS PER SHARE

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

| | Year ended 31 December | |
|---|-------------------------------|-----------------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Earnings: | | |
| Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company) | <u>10,196</u> | <u>17,602</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 earnings per share for the years ended 31 December 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years.

9. DIVIDEND

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

| | Year ended 31 December | |
|--|-------------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Final dividend of HK\$0.01 (equivalent to approximately RMB0.009) per share (2023: nil) | <u>9,123</u> | <u>—</u> |

The final dividend for 2023 of the Company was declared on 27 March 2024 and paid on 21 July 2024.

After the end of the reporting period, the Board has recommended a final dividend of HK\$0.55 cents per share for the year ended 31 December 2024, and is subject to approval by the shareholders in the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability in the consolidated financial statements.

10. CEMETERY ASSETS

| | Leasehold land <i>RMB'000</i> | Landscape facilities <i>RMB'000</i> | Development costs <i>RMB'000</i> | Total <i>RMB'000</i> |
|-----------------------|---|---|--|--------------------------------|
| Cost | | | | |
| At 1 January 2023 | 7,204 | 7,341 | 699 | 15,244 |
| Additions | — | 2,573 | — | 2,573 |
| At 31 December 2023 | 7,204 | 9,914 | 699 | 17,817 |
| Additions | — | 612 | — | 612 |
| At 31 December 2024 | 7,204 | 10,526 | 699 | 18,429 |
| Amortisation | | | | |
| At 1 January 2023 | (3,330) | (1,332) | (331) | (4,993) |
| Provided for the year | (141) | (489) | (17) | (647) |
| At 31 December 2023 | (3,471) | (1,821) | (348) | (5,640) |
| Provided for the year | (141) | (506) | (17) | (664) |
| At 31 December 2024 | (3,612) | (2,327) | (365) | (6,304) |
| Carrying amount | | | | |
| At 31 December 2024 | 3,592 | 8,199 | 334 | 12,125 |
| At 31 December 2023 | 3,733 | 8,093 | 351 | 12,177 |

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 represent the construction cost of arbors and bridges 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.

11. PREPAYMENTS AND OTHER RECEIVABLES

| | At 31 December | |
|---|----------------|---------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Current | | |
| Prepayments | 529 | 428 |
| Advance payment for land demolition (<i>note (c)</i>) | 27,193 | 29,321 |
| | <u>27,722</u> | <u>29,749</u> |
| Non-current | | |
| Prepaid land acquisition costs (<i>Note (b)</i>) | 54,714 | — |
| Advance payment for land demolition (<i>note (c)</i>) | 16,501 | — |
| Guarantee deposit and payments for a cemetery project (<i>note (a)</i>) | 9,753 | 9,270 |
| Other receivables (<i>note (d)</i>) | 3,000 | 3,000 |
| | <u>83,968</u> | <u>12,270</u> |

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.
- (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, while the land use right was transferred to the Group in February 2025. The Group was 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.

- (c) The balance mainly represents an interest-free advance payment 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 December 31, 2024, the Group has made advance payments of RMB43,079,000 in total, included RMB13,079,000 paid during the year 2024. Out of the total advance payment, approximately RMB16,501,000 is related to the direct cost attributable to the land acquisition, which will be transferred to cemetery assets upon completion of the acquisition. The remaining balance will be returned by the local government authority to the Group. According to the continuous communication with the local government, the Directors understand that the repayment is subject to the final approval by the government of Langfang Guangyang District and, based on their best knowledge after consulting with experts with relevant experiences, estimated that the remaining advance payment will be repaid to the Group within one year from the end of the reporting period.
- (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. In accordance with the agreement, Langfang Wantong advanced an amount of RMB3,000,000 to Langfang Funeral Parlour, which bears interest based on prevailing bank loan interest rate for the corresponding period. The agreement stipulates that if Langfang Funeral Parlour fails to repay the principal and accrued interest by the due date, Langfang Wantong is entitled to offset the outstanding amount against the project proceeds attributable to Langfang Funeral Parlour. Based on the profitability forecast and repayment schedule, the Directors estimated that the repayment period of the principal and interest will exceed one year from end of the reporting period.

12. TRADE AND OTHER PAYABLES

| | At 31 December | |
|-------------------------------------|----------------|---------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Trade payables | 8,762 | 7,312 |
| Other payables and accrued expenses | 4,323 | 5,484 |
| | <u>13,085</u> | <u>12,796</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 | |
|------------------|----------------|--------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Less than 1 year | 6,169 | 7,156 |
| 1 to 2 years | 2,593 | 17 |
| 2 to 3 years | — | 25 |
| Over 3 years | — | 114 |
| | <u>8,762</u> | <u>7,312</u> |

13. CONTRACT LIABILITIES

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

| | At 31 December | |
|--|-----------------------|-----------------------|
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Provision of cemetery maintenance services (<i>note</i>) | 86,476 | 82,676 |
| Provision of other burial-related services | 666 | 1,845 |
| | 87,142 | 84,521 |
| Current | 6,812 | 7,357 |
| Non-current | 80,330 | 77,164 |
| | 87,142 | 84,521 |

Note: The increase in contract liabilities in the current year was mainly due to the long-term advances received from customers. Customers who purchase burial services are required to make advance payments for maintenance fees, relating to the on-going cemetery maintenance services of their burial plots and memorials over 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 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><u>5,750</u></u> | <u><u>1,517</u></u> |

Year ended 31 December 2023

| | 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><u>5,233</u></u> | <u><u>560</u></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 these 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 2024, the Group was principally engaged in the sale of burial plots, columbarium units, provision of other burial-related services, provision of cemetery maintenance services and provision of funeral services in Langfang, the PRC.

Sales of burial plots, columbarium units and provision of other burial-related services

Burial services were the largest component of our revenue, representing RMB31.7 million or 72.1% of our revenue for the year ended 31 December 2024 (2023: RMB45.2 million or 79.4%).

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. The Company is optimistic that this operation will be continuously developed and expanded.

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 RMB6.4 million for the year ended 31 December 2024 (2023: RMB6.3 million).

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 RMB5.9 million for the year ended 31 December 2024 (2023: RMB5.5 million).

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.

Focus on developing the JV Cemetery Project

The joint venture cemetery project (the “JV Cemetery Project”) 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 one of the major development projects of the Group. In December 2024, the Group has made key progress by the acquisition of 105.8 Mou (畝) of funeral land for the JV Cemetery Project by signing a state-owned land use rights transfer contract and paying land transfer fees. The Group will continue its proactive development and keep communicating with related governmental departments to arrange for the approval of detailed construction plans for the JV Cemetery Project in the next stage, and make every effort to facilitate the approval procedures for the operating cemeteries. The Directors believe that the implementation and the continued development of and investment into the JV Cemetery Project will facilitate the Group in consolidating and expanding its market position in Langfang and the Jing-Jin-Ji megalopolis.

Looking forward, the Group will continue to selectively acquire, invest in or enter into strategic partnerships with other death care services providers, including funeral services providers and cemetery operators. The Group’s selection criteria are based on, among other things, brand name, location, land cost, land reserves and profitability. The Group generally favors cemeteries located in wealthy and densely populated provinces, where there is a higher demand for high-quality death care services. In particular, the Group seeks to prioritise business expansion opportunities with death care services providers in the Jing-Jin-Ji megalopolis and bring synergy to its current operations. Meanwhile, it will also explore potential acquisition or investment in other regions. In addition to the downstream industry of burial services, the Group is also committed to seeking development in the upstream industry, for example, palliative care services, to explore potential business opportunities and to identify strategic alliance. Therefore, the Directors believe that the Group will achieve industrial integration from aging to burial for a diverse range of customers.

Strengthen the market position in Langfang

Apart from the above JV Cemetery Project which represented an initiative of the Group to further consolidate its market position and reputation in Langfang, the Company believes that a more elegant environment of the cemetery with warmer, more diversified and person-centered services would enable the Company to address the customers’

various needs and preferences. Thus, the Group will launch various product types at different price point and optimise its burial services. Meanwhile, the Group will continuously upgrade, optimise and further develop its cemetery, especially the environment in cemeteries, with a view to upgrading its facilities and diversifying its service offerings. In addition to the further development of its cemetery as mentioned above, in terms of our funeral services, the Group will provide more professional and diverse services. The Group will also boost its effort in promotion and marketing, utilising online sales platforms to promote the services of the Group through multiple channels.

In addition, in view of the rapid development of Langfang, which is benefited from the overall development of the Jing-Jin-Ji megalopolis, the local government has been carrying out urban planning and construction. During this process, it may involve the migration of the villagers and resettlement of the cremains of their deceased relatives. As a licensed and well established cemetery, in possession of both capability and capacity, the Group provides columbarium collective storage services to meet the demand arising from the local government's urban development plan on one hand, and broaden its income source on the other hand. The Group will continue to cooperate with and support the local government's urban development plan, providing funeral services and columbarium storage services.

The Directors believe that, with the brand power and the well-established reputation of the Group accumulated over a long time, as well as the continued development of the projects above, we will further consolidate and strengthen the Group's market position in Langfang.

Expand the business scope of the Group to provide funeral services

The Group generated substantially all of its revenue from burial services and has also forged stable business relationships with a number of local funeral services providers which refer customers to the Group. The Group began to provide extended burial services in Langfang Funeral Parlour, offering one-stop-shop funeral services to the customers, including etiquettes, rules, wake and farewell ceremony, which will continue to provide a stable source of customers for the Group in the future. The Directors believe that one-stop-shop services integrating funeral and burial services are able to confer a significant competitive advantage, while also ensuring a seamless and smooth experience at each stage of the process. In addition, the Group's staffs providing extended burial services in Langfang Funeral Parlour (廊坊市殯儀館) can introduce cemetery-related services to customers and deal with pre-service business. The Group will continue to provide professional and general skill training for its employees and recruit funeral service specialists, in order to provide more professional and comprehensive services to our customers.

The Group will step up from providing only burial services to providing integrated funeral services and burial services, where we will launch different product types at different price points and add more professional and diverse extended services in aspects such as burial plot maintenance, burial and tomb-sweeping, so as to expand and enhance our service package. Meanwhile, the Group will proactively negotiate with the government and related departments of Langfang concerning the future cooperation plans, in order to provide more services for the locals and our customers, including the provision of burial services, funeral services and columbarium storage services, expanding our coverage through multiple channels.

The Group believes that the active progression and development of the JV Cemetery Project and commencement of extended funeral services can further strengthen the brand power and reputation of the Group and allow for further recognition from the local government, which will facilitate the Group in competing for cooperation and expansion opportunities, and generate significant revenue for the Group.

Tapping further into the burial market in the Jing-Jin-Ji megalopolis

Leveraging the Group's strategic location in Langfang and proximity to regional hubs in the Jing-Jin-Ji megalopolis, the Group continues to pay effort to tap further into the burial services market in this region, especially in Beijing, where local residents become increasingly mobile with the integration of communities and the construction of a web of high-speed intercity transportation infrastructure. The Group plans to devote more marketing resources to serving the neighboring cities and further develop cooperation with local funeral services providers as its business partners. Meanwhile, the Group plans to cooperate with local funeral homes and hospital mortuaries to access bereaved families in a more direct and more prompt way, so that the Group can react immediately to provide high-quality one-stop-shop services integrating funeral and burial services for its prospective customers.

Pursuing strategic alliance and acquisition opportunities

Since the GEM listing, the Group has performed preliminary site visits and researched for some potential acquisition opportunities for the purpose of pursuing strategic alliance and acquisition opportunities according to the future plans set out in the prospectus. Langfang Wantong Public Cemetery Co., Limited (廊坊市萬桐公墓有限公司, "Langfang Wantong"), an indirect wholly-owned subsidiary of the Company, successfully won the bid of the JV Cemetery Project in 2020 and entered into a formal joint venture agreement with Xinhangcheng to jointly establish Langfang Linkong Wantong Public Cemetery Co., Limited (廊坊臨空萬桐公墓有限公司), which is responsible for land resumption, construction and operations and management of the JV Cemetery Project. Since 2021, the Group tapped into the funeral market in the Jing-Jin-Ji megalopolis, continued the comprehensive development of the JV Cemetery Project in an active manner, and completed the acquisition of land for the construction of the JV Cemetery Project. Meanwhile, the Company will continue to explore other suitable opportunities for strategic alliance and acquisition in the future.

Development and Fund Utilisation Plan

The JV Cemetery Project 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, 24 August 2020 and 2 December 2024, respectively. As at the date of this announcement, the JV Company has completed the land acquisition by way of an agreement with relevant government departments.

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-in in order to provide the JV Company with funds for the development of the JV Cemetery Project.

In 2025 and 2026, 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 urns 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 Acquired Land, which is subject to government approval. After the acquisition of the 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”), 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.

The Company is of the view that 2025 to 2027 will be an important 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 2024, the Company had bank balances and cash of RMB171.3 million, representing an excellent liquidity position. The Board has proposed to recommend the payment of a final dividend of HK\$0.55 cents per share in cash to the shareholders of the Company for the year ended 31 December 2024, representing a total payment of approximately HK\$5.5 million. Apart from the proposed final dividend payment, the Company is confident that the Company will have sufficient funds to swiftly and efficiently allocate and utilize 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.

Financial Review

Revenue

Our revenue for the year ended 31 December 2024 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 funeral services; and (iv) provision of cemetery maintenance services. The table below sets forth a breakdown of our revenue:

| | Year ended 31 December | | | |
|---|------------------------|--|----------------------|--|
| | 2024 | | 2023 | |
| | Revenue (RMB'000) | Percentage of total revenue % | Revenue (RMB'000) | Percentage of total revenue % |
| Burial business | | | | |
| Sales of burial plots | 25,002 | 56.8% | 37,566 | 66.0% |
| Provision of other burial related services | 6,729 | 15.3% | 7,611 | 13.4% |
| | 31,731 | 72.1% | 45,177 | 79.4% |
| Provision of funeral services | 6,384 | 14.5% | 6,259 | 11.0% |
| Provision of cemetery maintenance services | 5,898 | 13.4% | 5,495 | 9.6% |
| | 44,013 | 100.0% | 56,931 | 100.0% |

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 RMB7.4 million in 2024 (2023: RMB9.2 million), with a decrease of 19.6%.

| | Year ended 31 December | | | |
|--|---|--|---|--|
| | 2024 | Percentage of total cost of sales and services | 2023 | Percentage of total cost of sales and services |
| | Cost of sales and services (RMB'000) | % | Cost of sales and services (RMB'000) | % |
| Burial business | 4,589 | 61.9% | 6,486 | 70.6% |
| Provision of funeral services | 1,832 | 24.7% | 1,962 | 21.4% |
| Provision of cemetery maintenance services | 993 | 13.4% | 731 | 8.0% |
| | <u>7,414</u> | <u>100.0%</u> | <u>9,179</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 29.2% from RMB6.5 million in 2023 to RMB4.6 million in 2024, primarily due to lower sales as a result of lower demand for burial plot in 2024. The Group's cost of sales and services for cemetery maintenance increased from RMB0.7 million in 2023 to RMB1.0 million in 2024.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales and services. Our gross profit for 2024 and 2023 was RMB36.6 million and RMB47.8 million, respectively.

| | Year ended 31 December | | | |
|---|---------------------------|--------------------------|---------------------------|--------------------------|
| | 2024 | | 2023 | |
| | Gross profit (RMB'000) | Gross profit margin % | Gross profit (RMB'000) | Gross profit margin % |
| Burial business | 27,142 | 85.5% | 38,691 | 85.6% |
| Provision of funeral services | 4,552 | 71.3% | 4,297 | 68.7% |
| Provision of cemetery maintenance services | 4,905 | 83.2% | 4,764 | 86.7% |
| | <u>36,599</u> | <u>83.2%</u> | <u>47,752</u> | <u>83.9%</u> |

Our overall gross profit margin for 2024 and 2023 was 83.2% and 83.9%, 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.

Other income

The Group's other income increased by 17.1% from RMB3.5 million in 2023 to RMB4.1 million in 2024. The increase was primarily due to interest income from bank deposits and interest income on accounts due from related parties.

Distribution and selling expenses

Our distribution and selling expenses decreased by 3.7% from RMB10.9 million for 2023 to RMB10.5 million for 2024.

Administrative expenses

Our administrative expenses were RMB12.3 million in 2024, which is small changes with 2023.

Profit before tax

As a result of the above, our profit before tax decreased by 37.0% from RMB26.2 million for 2023 to RMB16.5 million for 2024.

Income tax expense

Our income tax expense decreased by 22.1% from RMB8.6 million for 2023 to RMB6.7 million for 2024, generally consistent with the decrease of our gross profit.

Profit and total comprehensive income for the year

Our profit and total comprehensive income for the year decreased by 44.3% from RMB17.6 million for 2023 to RMB9.8 million for 2024. Our net profit margin decreased from 30.9% for 2023 to 22.4% for 2024.

Earnings per share

The basic earnings per share for the year ended 31 December 2024 calculated based on the number of 1,000,000,000 ordinary shares was RMB0.010 (basic earnings per share for the year ended 31 December 2023: RMB0.018).

Cash Flow

Our cash and cash equivalents decreased by RMB63.7 million, which was decreased to RMB171.3 million as at 31 December 2024 from RMB235.0 million as at 31 December 2023, principally attributable to the investment cash outflow from the purchase of funeral land for the Cemetery JV Project.

Pledge of assets

There was no charge on the Group's assets as at 31 December 2024 and 2023.

Inventories

Our inventories primarily consist of burial plots, columbarium units, tombstones and others. The related carrying amounts of the cemetery assets attributable to the burial plots and columbarium units 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 increased from RMB21.2 million as at 31 December 2023 to RMB23.5 million as at 31 December 2024, mainly due to the construction of the burial plots.

Prepayments and other receivables

Our prepayments and other receivables increased from RMB42.0 million as at 31 December 2023 to RMB111.7 million as at 31 December 2024, principally attributable to the Group's settlement of the payment for the land of the Cemetery JV Project in December 2024 while the land use right will be transferred to the Group only in 2025; and prepaid part of the land demolition payment for the project.

Trade and other payables

Our trade and other payables increased by 2.3% from RMB12.8 million as at 31 December 2023 to RMB13.1 million as at 31 December 2024, the increase is mainly due to an outstanding payment of tombstones to suppliers.

Contract liabilities

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

As at 31 December 2024, current contract liabilities amounted to RMB6.8 million (31 December 2023: RMB7.4 million). The decrease is mainly due to the columbarium storage service fees received in advance in 2023.

As at 31 December 2024, non-current contract liabilities amounted to RMB80.3 million (31 December 2023: RMB77.2 million). The increase in non-current contract liabilities is mainly due to increase in advances from customers during the current year.

Capital structure

During the year ended 31 December 2024, there was no change to the capital structure of the Company.

Liquidity and financial resources

As at 31 December 2024, we had bank balances and cash of approximately RMB171.3 million (2023: RMB235.0 million). We have financed our working capital, capital expenditures and other capital requirements primarily through income generated from our operations. As at 31 December 2024, 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 capital. 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 2024, the gearing ratio of the Group, being total liabilities to total assets, was 31.7% (2023: 30.9%), which indicated the Group's healthy liquidity position.

Employee remuneration and relations

As at 31 December 2024, the Group had a total of 73 employees (2023: 75 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 2024, the Group had no lease payment receivables (2023: nil).

Commitments

As at 31 December 2024, the Group had no capital commitments in respect of expenditure in intangible assets (2023: nil).

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities (2023: 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 2024.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this announcement, the Board is not aware of any significant events affecting the Group, which have occurred subsequent to 31 December 2024 and up to the date of this announcement.

DIVIDEND

The Board has proposed to recommend the payment of a final dividend of HK\$0.55 cents per share in cash to the shareholders of the Company for the year ended 31 December 2024, representing a total payment of approximately HK\$5,500,000. The final dividend is subject to approval of the shareholders at the AGM (as defined below) proposed to be held on 29 May 2025 (Thursday). Upon shareholders' approval to be obtained at the AGM, the final dividend will be payable on or around 17 June 2025 (Tuesday) to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 6 June 2025 (Friday).

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining good corporate governance practices and procedures. For the year ended 31 December 2024, 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 of the Company will continue to review its 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 2024.

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 2024, 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 2024 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 31 March 2025. 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 2024 is scheduled to be held on 29 May 2025 (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 26 May 2025 (Monday) to 29 May 2025 (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 23 May 2025 (Friday).

The period of closure of the register of members of the Company for the purpose of determining shareholders' entitlements to the final dividend is from 4 June 2025 (Wednesday) to 6 June 2025 (Friday) (both days inclusive), and during such period, no transfer of shares of the Company will be registered. In order to qualify for the entitlement of the final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 3 June 2025 (Tuesday).

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 2024 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, 31 March 2025

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. Huang Peikun, 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.