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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)

**INSIDE INFORMATION AND PROFIT WARNING
NOTICE OF TAX ISSUE IN RESPECT OF SUBSIDIARY**

This announcement is made by China Wan Tong Yuan (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, Langfang Wantong Cemetery Co., Ltd.* (廊坊市萬桐公墓有限公司) (“**Langfang Wantong**”), an indirect wholly-owned subsidiary of the Company, received a notice of tax issue (the “**Tax Notice**”) from 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 People’s Republic of China* (the “**PRC**”) (國家稅務總局廊坊經濟技術開發區稅務局大學城稅務所) (the “**Tax Bureau**”) regarding findings in respect of Langfang Wantong in the course of a general tax audit.

It is stated in the Tax Notice that the provision of burial plots leasing and relevant ancillary services by Langfang Wantong, an operating cemetery enterprise (經營性公墓企業), during the period from 1 January 2022 to 31 December 2024 did not satisfy the applicable conditions under the tax exemption policies in respect of value-added tax (“**VAT**”).

Pursuant to the Tax Notice, (i) the VAT payable for the period from 1 January 2022 to 31 December 2024 shall be re-assessed based on an applicable rate of 6% for “funeral and burial services”; and (ii) the payment procedures in respect of the additional tax payable and surcharge thereon (collectively, the “**Additional Tax**”) shall be completed by 30 May 2025 with the supervising tax authority.

As of the date of this announcement, based on the Company’s assessment, the Additional Tax payable by Langfang Wantong amounted to approximately RMB11.6 million.

The Group considers that the Additional Tax and the Tax Notice were primarily due to different views taken by the Tax Bureau and the Group in the applicability of tax exemption in respect of operating cemeteries. Following internal assessment and based on PRC legal advice, the Group’s previous position on the tax exemptions applicable to operating cemeteries was substantiated based on the past policy background, actual regulatory situation and prevailing industry practice. Pursuant to the relevant regulations, the Group is required to timely settle the Additional Tax in full in accordance with the directions in the Tax Notice; at the same time, the Group may consider whether to lodge an administrative review on the Tax Notice.

The Additional Tax is expected to be recognized as a loss in the Company’s financial results for the six months ending 30 June 2025 and it is expected that the Company will record a loss and total comprehensive loss for the period attributable to owners of the Company for the six months ending 30 June 2025, as compared to the profit and total comprehensive income for the period attributable to owners of the Company for the six months ended 30 June 2024 of approximately RMB7.3 million. The final accounting treatment and the relevant amount subject to impact shall be subject to audit by the auditors of the Company.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the information currently available and the unaudited consolidated management accounts of the Group for the four months ended 30 April 2025. The interim results of the Group for the six months ending 30 June 2025 may be subject to changes and may be different from the information disclosed in this announcement. Shareholders and potential investors of the Company are advised to refer to the announcement regarding the Group’s interim results for the six months ending 30 June 2025 to be published in accordance with the Listing Rules for the impact of the Additional Tax for the six months ending 30 June 2025.

Based on the preliminary assessment of the Company with reference to the information currently available to the Board, save as disclosed above, the Tax Notice does not appear to have material adverse effect on the operations of Group.

The Company will make further announcement(s) to keep its shareholders and potential investors informed of any further development in relation to the Tax Notice as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 29 May 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.

** For identification purposes only*