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ANXIAN YUAN CHINA HOLDINGS LIMITED

安賢園中國控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00922)

PROFIT WARNING

This announcement is made by Anxian Yuan China 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 “**SFO**”).

Receipt of Tax Notice

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that Zhejiang Anxian Yuan Company Limited (浙江安賢陵園有限責任公司) (“**Zhejiang Anxian Yuan**”), an indirectly wholly-owned subsidiary of the Company, recently received a notice of tax notice (the “**Tax Notice**”) from the Hangzhou Tax Inspection Bureau of the State Taxation Administration (國家稅務總局杭州市稅務局稽查局) (the “**Tax Bureau**”) in connection with a general tax audit.

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

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

As of the date of this announcement, based on the Group’s preliminary assessment, the Additional Tax payable by Zhejiang Anxian Yuan is estimated to be approximately HK\$89 million.

* For identification purposes only

Background and Financial Impact of the Additional Tax

The Board considers that the Additional Tax arose primarily from a divergence in interpretation between the Tax Bureau and the Group regarding the applicability of certain tax exemptions to the cemetery business. Based on the Group's internal assessments conducted in prior years and the legal advice provided by the Group's PRC legal advisors, the Group's historical position regarding these tax exemptions was substantiated by the relevant policy background, applicable tax regulations, actual regulatory practices, and prevailing industry standards. Nevertheless, pursuant to the Tax Notice, Zhejiang Anxian Yuan is required to settle the Additional Tax in accordance with the Tax Bureau's directives.

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

Based on the information currently available and a preliminary assessment of the latest unaudited consolidated management accounts of the Group for the year ended 31 March 2026 (the "Year"), the Additional Tax is expected to be recognized as an expense in the Group's financial results for the Year. The final accounting treatment and the exact amount remain subject to audit by the Company's independent auditor.

Expected Turnaround from Profit to Loss

Due to the financial impact of the Additional Tax, the Board wishes to inform the Shareholders and potential investors of the Company that the Group is expected to record a turnaround from a net profit of approximately HK\$52.3 million for the year ended 31 March 2025 to a net loss in the range of approximately HK\$113 million to approximately HK\$120 million for the Year. This represents a year-on-year decrease of approximately HK\$165 million to HK\$172 million, which is primarily attributable to the following factors:

- (i) The Additional Tax: The recognition of the aforementioned Additional Tax amounting to approximately HK\$89 million;
- (ii) Prior Value-Added Tax (VAT) Settlement: The payment of VAT by certain PRC subsidiaries of the Company for the period from 1 June 2020 to 31 March 2025, amounting to approximately HK\$13 million, details of which were disclosed in the Company's profit warning announcement dated 7 November 2025 and interim results announcement dated 21 November 2025, respectively;

- (iii) Decrease in Gross Profit: A decline in gross profit of approximately HK\$47 million, which was primarily driven by approximately 20% decrease in the average unit selling price of tombs during the Year; and
- (iv) Impairment losses recognised on goodwill and non-financial assets of approximately HK\$16 million for the Year.

General Information

The Group is currently in the process of finalizing its annual results for the Year. The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available and the latest unaudited consolidated management accounts of the Group for the Year.

These accounts have neither been audited by the Company's independent auditor nor reviewed or approved by the audit committee of the Company, and may be subject to adjustments. The actual results of the Group for the Year may differ from the information disclosed in this announcement.

Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the Year, which is expected to be published by the end of June 2026.

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
ANXIAN YUAN CHINA HOLDINGS LIMITED
Shi Hua
Chairman

Hong Kong, 5 June 2026

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Shi Hua, Mr. Shi Jun and Mr. Law Fei Shing; and three independent non-executive Directors, namely Mr. Chan Koon Yung, Mr. Lum Pak Sum and Ms. Hung Wan Fong, Joanne.