



福壽園國際集團

FU SHOU YUAN INTERNATIONAL GROUP

01448.HK



2025

INTERIM REPORT

福壽園國際集團有限公司

FU SHOU YUAN INTERNATIONAL GROUP LIMITED



CONTENTS

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	6
Other Information	25
Report on Review of Condensed Consolidated Financial Statements	29
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	30
Condensed Consolidated Statement of Financial Position	32
Condensed Consolidated Statement of Changes in Equity	34
Condensed Consolidated Statement of Cash Flows	35
Notes to the Condensed Consolidated Financial Statements	37
Definitions and Glossary	59



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Bai Xiaojiang (*Chairman*)
Mr. Tan Leon Li-an (*Vice-Chairman*)
Mr. Wang Jisheng (*Chief Executive*)

Non-executive Directors

Mr. Lu Hesheng
Mr. Huang James Chih-Cheng
Ms. Zhou Lijie

Independent Non-executive Directors

Mr. Luo Zhuping
Mr. Ho Man
Ms. Liang Yanjun
Mr. Chen Xin

AUDIT COMMITTEE

Mr. Ho Man (*Chairman*)
Mr. Huang James Chih-Cheng
Mr. Luo Zhuping
Mr. Chen Xin

NOMINATION COMMITTEE

Mr. Bai Xiaojiang (*Chairman*)
Mr. Wang Jisheng
Mr. Luo Zhuping
Mr. Ho Man
Ms. Liang Yanjun

REMUNERATION COMMITTEE

Mr. Luo Zhuping (*Chairman*)
Mr. Tan Leon Li-an
Ms. Liang Yanjun

COMPLIANCE COMMITTEE

Ms. Liang Yanjun (*Chairman*)
Mr. Luo Zhuping
Mr. Ho Man

JOINT COMPANY SECRETARIES

Mr. Zhu Qiming
Mr. Cheng Ching Kit

AUTHORIZED REPRESENTATIVES

Mr. Bai Xiaojiang
Mr. Cheng Ching Kit

REGISTERED OFFICE

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PRINCIPAL BANKERS

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Construction Bank of China
Shanghai Rural Commercial Bank
Bank of Communications
Bank of Shanghai
Citibank, N.A.

AUDITOR

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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Fu Shou Yuan International Group Limited, I hereby present the results of the Group for the six months ended June 30, 2025 (the period under review) to all shareholders for review.

Looking back on the first half of 2025, factors such as trade friction and geopolitical risks continued to impact the global economy. The Chinese mainland economy continued to recover amid multiple challenges, demonstrating resilience and development potential, with a stable and positive trend continuing. As the aging of the population accelerates, demand for life services is steadily increasing, and the supply-demand relationship in the industry is becoming more balanced. Against this macroeconomic backdrop, the fundamentals of China's long-term economic growth remain unchanged, and policy support continues to have an impact. It is expected that economic growth momentum will further strengthen, bringing new development opportunities for the life services industry.

As China's leading funeral and life technology service provider, Fu Shou Yuan is committed to innovation-driven and high-quality development. The Group leverages its industry-leading operational philosophy, multi-engine drive, and steady development strategy to continuously improve service quality, advance digital transformation, and uphold the 3JI concept (Monuments beautification, Memories thickening, Heritage lengthening). It is committed to fulfilling its responsibilities to the Company, society, industry, history, and the public, promoting cultural innovation in the industry and social progress, and meeting the diverse needs of the people for a better life.

The Group continues to optimize its management system, improving overall operational efficiency through lean management and responding flexibly to changes and challenges in the external environment. For the six months ended June 30, 2025, the Group recorded a revenue of RMB610.9 million. Loss attributable to owners of the Company amounted to RMB261.4 million. The Board proposed to distribute an interim dividend of HK7.00 cents per Share for 2025, which is in line with the Group's prudent and consistent dividend policy to reward Shareholders for their long-term support and trust.

"Perceive life, blossom in life, and continuously gather the spiritual strength that drives the progress of human civilization" is the consistent brand essence and cultural proposition of Fu Shou Yuan. Fu Shou Yuan has been actively developing new quality productivity to promote high-quality development of the Chinese economy and enhance international influence and competitiveness of the Chinese brands. During the Period under review, Fu Shou Yuan won the "Annual Responsible Brand Award" at the 14th Public Welfare Festival, alongside well-known brands such as Mengniu Dairy, HengYuanXiang and Ping An Leasing, etc., highlighting the effectiveness of its corporate social responsibility practices. The Group was listed in the "Top 500 World Innovative Brands of 2024" ranking at the Davos World Brand Summit, with a brand value of US\$2.916 billion, a brand index of 492.45 points, and a ranking of 380th, demonstrating its strong international brand influence. Shanghai Fu Shou Yuan has been awarded the honorary title of "National Civilized Unit" for three consecutive terms, reflecting the Group's continuous efforts in industry civilization construction and social responsibility. Fu Shou Yuan's original series of short videos, "I Am a Tree (Sichuan-Chongqing Edition, Qilu Edition, Zhong Yuan Edition)," won the 15th Beijing International Film Festival's "Civil Affairs China" Excellent Work Award, enriching the brand's cultural connotations and deepening the general public's understanding and respect for the value of life.

CHAIRMAN'S STATEMENT

In terms of ESG, Fu Shou Yuan has made significant progress in the ESG field through its outstanding sustainable development practices. Its MSCI rating has risen from AA to the highest AAA level, establishing it as a new benchmark for sustainable development in the Asia-Pacific region. It has also entered the top 1% of the MSCI China Investable Market Index components and has been included in the Hang Seng Sustainable Development Benchmark Index components for four consecutive years. The latest score has been upgraded to 65.20 points, maintaining an A+ rating, which is the highest rating within the “responsive” category, highlighting the Group’s leading position in environmental protection, social responsibility and corporate governance.

In today’s world, digital revolution has transformed the entire globe and the exploration of digitalization in the funeral industry is also gaining momentum. As a leading provider of funeral and life science services in China, Fu Shou Yuan has always been at the forefront of innovation in the industry. In response to the huge demand for life services and the promising market prospects, Fu Shou Yuan continues to improve service quality and actively embraces the development and application of modern technology. Since 2022, Fu Shou Yuan has initially established a digital life service system. Through its four core functions, namely Digital Ceremony Halls, AI Memorial Services, Fu Shou Online and Memorial Home, it covers all scenarios and realizes the 3JI service concept (Monuments beautification, Memories thickening, Heritage lengthening). In April 2024, the Group launched a series of innovative services, including life aesthetics products, paradise community plan, digital ancestral hall, virtual digital human, as well as the “Pre-need Contract • Beneficence Plan” in the form of the Digital Human Virtual Release in order to promote the digital upgrade and service model innovation of the funeral industry.

In terms of public welfare, Fu Shou Yuan actively participates in life education and public welfare undertakings. In March 2025, the Group supported the “2025 National Human Organ Donation Memorial Event.” The play “Life Continues,” co-created with the China Organ Donation Centre and the Chongqing Red Cross Society, premiered at the event, highlighting the Group’s long-term commitment to life education and social responsibility. The Group continues to carry out various public welfare projects such as poverty alleviation, relief for the poor, assistance to the elderly, rescue of orphans and preferential treatment, etc., actively promoting innovation in public welfare and livelihood services, and striving to bring more warmth and care to society.

Looking ahead, Fu Shou Yuan will continue to enhance its corporate governance standards, firmly advance its sustainable development strategy, deeply embed environmental protection concepts into its business practices, promote low-carbon, low-energy consumption and efficient operations, and foster the harmonious coexistence of ecology and humanistic landscapes. The Group will continue to innovate its service models, enhance service quality, and strive to provide customers with more considerate, professional, and personalized life services. At the same time, Fu Shou Yuan will continue to fulfill its corporate, social, industry, historical, and public responsibilities, consolidate public welfare resources, encourage society to confront the realities of life and death and cherish every life, thereby illuminating the journey of life with public welfare endeavours.

CHAIRMAN'S STATEMENT

Fu Shou Yuan International Group Limited will prioritize a people-centric service philosophy. We will adhere to the tenet of “respecting life and warming hearts”, and uphold the entrepreneurial spirit of “innovation, responsibility and win-win cooperation” to continuously promote digital transformation, enhance service efficiency and quality, satisfy the growing needs of our customers, strive to achieve better performance, improve the mechanism of providing investors with consistent and stable returns, and share the fruits of our business development with all Shareholders.

By order of the Board

Fu Shou Yuan International Group Limited

Bai Xiaojiang

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

As China advances into a moderately prosperous society in all respects and reached a new historical starting point, promotion of people's well-being to a new level and continuous enhancement of people's sense of satisfaction, happiness and security will be China's key developmental goals in terms of people's livelihood going forward. In the new era, people's desire for a better life has extended from "life" to "death". Improving the quality of people's funeral services and achieving "peaceful departure" has become the major issues in the field of death care service and has been promoting the in-depth development of China's death care service industry.

In recent years, China's new urbanization has been progressing steadily with rising urbanization rate. According to the latest data published by the National Bureau of Statistics of China, as of the end of 2024, China's resident population in urban areas reached 943.5 million, representing an increase of 10.83 million compared to the end of 2023, while the rate of urban population was 67.0%, representing an increase of 0.84 percentage points compared to the year of 2023. China's urbanization rate has increased by an average of 0.92 percentage points annually over the past six years, with more than 10 million rural residents moving into urban areas every year. The steady increase in the level of urbanization will give rise to a wide range of demands from the new urban population for funeral infrastructure, multi-layered funeral services and life-related technology industries. At the same time, the growth of China's aging population accelerated since 2022. At the end of 2024, the number of people aged 60 and above reached 310.31 million, accounting for 22.0% of the total population. The number increased by 13.34 million compared to the end of 2023, representing a rise of 0.9 percentage points in its proportion to the overall population. As the population born during the second baby boom in the 1960s progressively reaches old age, the upward trend of China's ageing population is expected to intensify further until 2035. During this period, more than 20 million individuals will reach old age annually, with the net annual growth of the elderly population exceeding 10 million, a substantial increase compared to the average annual growth of 8 million during the "14th Five-year Plan". It is projected that China's elderly population aged 60 and above will exceed 400 million by around 2035, accounting for over 30% of the total population, and will enter a stage of severe aging. The number is expected to peak by the middle of this century, surpassing 500 million and approaching 40% of the total population. Ageing population will be a fundamental characteristic of China in the longer term. In addition, with the continuous advancement in funeral reforms and customs changes, the cremation rate of remains in China continued to increase in recent years. In 2021, 5.966 million bodies were cremated nationwide with a cremation rate of 58.8%. Looking ahead, the acceleration of and interplay between the new urbanization process, the aging population trend and the increased cremation rate will continuously give rise to a massive demand for death care services in the market.

In the first half of 2025, with the continued effectiveness of various macro-level policies, the national economy started off smoothly, with an enhanced role of innovation as a driving force. According to the latest data published by the National Bureau of Statistics of China, China's GDP amounted to RMB66,053.6 billion in the first half of 2025, representing a year-on-year increase of 5.3% if calculated at constant prices. The disposable income per capita of urban residents was RMB28,844, representing a year-on-year growth of 4.7% in nominal terms and a growth of 4.7% in real terms excluding price factors, compared to the first half of 2024. The consumption expenditure per capita of urban residents was RMB17,545, representing a year-on-year growth of 4.6% in nominal terms and a growth of 4.6% in real terms compared to the first half of 2024. The service consumption expenditure per capita of national residents increased by 4.9% to RMB6,504 in the first half of 2025, with its share of total residential consumption expenditure reaching 45.5%. This reflects the pivotal role of service consumption in driving overall consumption growth. However, on the other hand, given the ongoing complexity and challenges of the external environment, the country is facing a lack of momentum in effective demand. The foundation for a sustained economic rebound needs further consolidation, and there remains rooms for improvement in the

MANAGEMENT DISCUSSION AND ANALYSIS

residents' consumption power. In the long run, with the improvement of people's living standards and the steady growth of their income, the upgrading trend in China's resident consumption structure has remained unchanged, with constant emergence of consumption highlights such as digital consumption, green consumption and healthy consumption, demonstrating that the residents' demand for quality continues to increase, and the concept of green and environmental protection becomes more popular. There are numerous opportunities for the development of service-based consumption in the future, including the urbanization of the household population, which will stimulate the upgrading of service-based consumption, the ageing of the population, which will bring diversified demand for elderly services, and the development of the digital economy, which will give rise to new types of service-based consumption and so on. As a humanized funeral service provider, we will not only satisfy the basic funeral service needs, but will also cater to the public's growing demands for diversified and differentiated services with high quality, providing multi-layered service contents and more convenient service scenarios to extend humanistic care and emotional comfort to the deceased and their families.

The death care service sector in China has been pressing ahead in terms of reform and innovation, so as to strengthen system construction and advance the modernization of the governance system and governance capacity in death care service. In April 2025, the Ministry of Civil Affairs of the PRC issued the Notice on Public Consultation for the Regulations on Funeral and Interment Control (Revised Draft for Public Consultation) (《關於〈殯葬管理條例(修訂草案徵求意見稿)〉公開徵求意見的通知》), inviting feedback from various sectors of society. As of now, the revision process for the 2025 regulations is progressing actively in compliance with procedures. The revisions to the Regulations on Funeral and Interment Control (Revised Draft for Public Consultation) primarily focus on strengthening the public welfare nature of the funeral and burial industry, improving the system and mechanism governing funeral and burial work, refining the management system for funeral services, clarifying the direction and path for the funeral reform, optimising the management of funeral activities, and enhancing supervision during and after the process. The aim is to establish a convenient, efficient, and standardised funeral service system. In May 2025, the 2025 Legislative Work Plan of the Ministry of Civil Affairs (《民政部2025年度立法工作計劃》) was issued, which clearly incorporated the revision of the Regulations on Funeral and Interment Control, amendments to the Interim Measures for the Administration of Cemeteries (《公墓管理暫行辦法》), and the formulation of the Funeral Parlour Management Measures (《殯儀館管理辦法》) into the legislative agenda for the year. This is part of the efforts to steadily advance funeral reform and improve the system and mechanism for funeral management. The revision and formulation of the Regulations on Funeral and Interment Control and the relevant management measures will deepen the death care reform, improve the death care service system, and help rectify the chaos in the industry. It further standardizes death care behaviors, strengthens the provision of legal protection in death care management, promotes the market-oriented and standardized development of the industry, and ultimately achieves the long-term healthy growth of China's death care service industry. In July 2025, the Ministry of Civil Affairs issued a total of ten recommended industry standards, including the Funeral Reception Service Standards (《殯儀接待服務規範》), Farewell Service Standards (《遺體告別服務規範》), Cremation Service Standards (《遺體火化服務規範》), Cemetery Burial Service Standards (《公墓安葬服務規範》), Cemetery Memorial Service Standards (《公墓祭掃服務規範》), and Online Worshipping Requirements (《網路祭祀要求》), among others, which were effective from the date of issuance. The implementation of these standards demonstrates the country's determination and efforts in improving the service supply level, strengthening supervision and management, and promoting the healthy development of the funeral sector. The relevant standards not only reflect the strict requirements on the process and technical specifications of funeral services, but also highlight the value orientation of environmental protection, resource conservation and humanistic care. The Group expects that there will be a higher entry barrier for both new and existing participants in the death care service industry with the continuous improvement in the regimes and systems of China's death care service sector. Standardisation will drive reform and innovation as the funeral industry enters the new era. As a

MANAGEMENT DISCUSSION AND ANALYSIS

distinguished death care service provider and an industry leader in China, we have always been at the forefront of the industry in terms of compliance and the development of standardized systems, and we believe the above-mentioned regulations will create a better environment with fair competition and adequate rooms for sustainable development. We will continue our efforts in directing the development of the industry and better serve the public through death care services that meet both psychological and cultural needs.

With regards to the technology in funeral and burial, in December 2021, the Ministry of Civil Affairs issued the 14th Five-Year Plan on the Development of the Digitalization of Civil Affairs (《「十四五」民政信息化發展規劃》), which serves as a proactive effort to establish a nationwide digitalized platform for death care management services, to build a fundamental database for national death care information, and to improve the digitalized standards of death care management services. By promoting the integration of the internet and death care services and developing new service modes such as remote funerals and online worshipping, it aims to provide more convenient death care services for the public. Additionally, the Ministry of Civil Affairs issued Specifications for Online Worshipping Services (《網絡祭祀服務規範》) and Online Worshipping Requirements (《網絡祭祀要求》), which set out the basic requirements for providing online worshipping services, service procedures, and standards for online memorial halls and its evaluation and improvement. During the Qingming holiday in 2025, a total of 1,576 online worshipping platforms were launched nationwide, serving approximately 927,500 users in total, which has become an important way for the public to express their grief and remember of the deceased. The Internet is advancing the transformation and upgrading of death care services from traditional practices to modern formats. “Internet + death care” empowers death care services with information technology. It is accelerating the standardization of death care services and boosting the high-quality development of death care services. “To use the scientific ways of thinking and approach to give the deceased dignity, and use modern technology to enhance death care services to make them more humane and high-end” will be the future development direction of the death care industry. As a distinguished death care service provider and industry leader in China, we will continue to elevate our technological innovation capability and accelerate the application of technology and digital transformation in death care services.

As China’s social and economic development has entered a new era, people’s demands have been gradually moving from “availability” to “quality”. In the death care service sector, China witnessed the increasing disposable income per capita, vigorous promotion of traditional Chinese culture and virtues by the government, accelerating urbanization progress, aging population and rising cremation rate in recent years. These trends not only underlie the increase in overall demand for death care services, but also demonstrate the requirements for better death care service quality and the diversification and differentiation of the substance of death care services. With the acceleration of China’s population aging, the death care industry will be gradually incorporated into the coordination, development, and planning of the entire elderly service industry to facilitate the development of each “elderly” service industry in a coordinated manner. In addition, a multi-layered social service security system, led by the government with contribution from the society, has been established to stimulate the vitality of market entities and direct social energy towards the security of livelihood service in an orderly manner, thereby proactively advancing the supply-side structural reform of death care services. It is able to secure the basic livelihood requirements and satisfy the public’s demand for multi-layered and diversified death care services at the same time. These driving factors are set to boost the in-depth and stable development of the death care service industry in China.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS COMMENTARY

In the first half of 2025, on one hand, China's economy has maintained an overall recovery momentum and demonstrated strong resilience as various macro-level policies continued to gain traction. The GDP reached RMB66,053.6 billion, representing a year-on-year growth of 5.3% if calculated at constant prices; the disposable income per capita of urban residents was RMB28,844, representing a year-on-year growth of 4.7% in real terms excluding price factors, compared to that of the first half of 2024; the consumption expenditure per capita of urban residents was RMB17,545, representing a year-on-year growth of 4.6% in real terms compared to that of the first half of 2024. On the other hand, given the ongoing complexity and challenges of the external environment, the country is facing a lack of momentum in effective demand. The foundation for a sustained economic rebound needs further consolidation, and there remains rooms for improvement in the residents' consumption power. Under such economic environment, customers appeared to be more cautious towards their consumption behaviors in death care scenarios, while competition within the industry showed signs of intensification. During the Period, in order to respond to the corresponding changing trends in the economic environment and customer consumption behavior, the Group continued to focus on both the market and product fronts. We have made multifaceted efforts across the fields of service extension, technological leadership and cultural innovation, formulating policies that cater to different "cemeteries" to meet the diversified and differentiated consumption needs of customers, especially those at the spiritual level. We will continue to enhance the core competitiveness of our products and services to achieve long-term sustainable development of the Group.

In respect of cemetery business, we have developed more product categories of different price range in addition to existing product portfolio, based on the evolving economic conditions, funeral consumption behaviors and competitive landscapes in different regions. These new products target broader and incremental customers segments, with a long-term focus on enhancing our market share. Meanwhile, we continued to deepen the comprehensive implementation of our digitalization strategy across all cemeteries in various regions. During the Period, we completed a comprehensive upgrade of the cemetery business system in all our cemeteries to enhance the effectiveness of digital management of customer information in all aspects. These systems have been seamlessly integrated with the "Fu Shou Yuan Online Service" mini-programme, which enhances the convenience for customers to process various services online. In terms of product design, we closely follow the policy guidance while integrating the "3JI" concept of Fu Shou Yuan to further enhance our efforts in the design and development of ecological, land-saving and artistic products. By integrating digital technologies, we have actively pushed forward the market deployment, and strived to meet the diversified demands of a wider and more diverse customer group in terms of products and services, reflecting respect and reverence for each unique life. In addition, we provide a series of digital and personalized innovative services, such as AI memorial videos and digital halls, for immersive burial experiences, memorial ceremonies, and worshipping activities. Our Memorial Metaverse, an online platform offers online memorial services such as memorial halls, audio time capsule, and life micro-films. These services not only enrich the connotation of traditional funeral culture, but also better align every process with the emotional needs and living habits of modern people. In some parks, we have also successfully deployed intelligent devices such as "Interactive Memorial Screens" and "Digital Worship Walls" to realize the blending of digital memorial spaces with physical scenes, as well as the customization of personalized AI content in pre-need contracts, burial ceremonies and memorial scenes.

MANAGEMENT DISCUSSION AND ANALYSIS

In the funeral business, during the Period, we focused on the implementation of digital transformation, the optimization of sale-side processes, and the upgrading of some venues. With AI memorial service as its core product, the service experience is reconstructed through technology empowerment, significantly enhancing the functional depth and emotional expression of “bringing old photos to life” and “digital reproduction of the deceased’s voice, appearance and smile”. The AI memorial service has helped hundreds of families achieve emotional connections across time and space through deep learning of the deceased’s life story and generating personalized voice interaction content and visual retrospectives. At the same time, we further standardize the management of the sales process while expanding online marketing channels to enhance service accessibility. In terms of facility upgrades, by adhering to the core concept of life aesthetics and life commemoration, we have comprehensively upgraded Chongqing Yuzhong Anletang into a multifunctional modern life memorial center, namely, Anle Life Memorial Center, integrating vigil services, farewell ceremonies, emotional healing, humanistic commemoration, life education and digital technology, with a view to establishing a new life aesthetic landmark in Yuzhong District, Chongqing. The memorial center covers an area of more than 3,500 square meters of meticulously designed space, featuring 8 digital ceremony halls of different sizes and styles. These specialized venues can fully cater to diverse needs in vigils, farewells and other services, while pioneering digital human imaging technology, allowing the deceased to share their life stories in virtual forms and achieve warm dialogues transcending time and space. A life charity café is set up in the center, aiming to provide emotional healing and relieve customers’ grief in a relaxing atmosphere; the time imprint space retains precious emotional memories through the display of memorabilia; the rooftop reception garden skillfully integrates the ecological landscape to create a comfortable and pleasant space for communication and remembrance.

During the Period, Temshine, a wholly-owned subsidiary of the Group’s design segment, focused on the research of planning and design in the context of new developments in the funeral industry, emphasizing the integration of ecology, intelligence and humanities, while balancing environmental aesthetics and capacity expansion. This included the development of low-cost strategies for the design, construction and maintenance of funeral facilities that is in line with the development of social civilization and the demand for modern intelligent memorial services.

As an important strategic pivot of the Group, pre-need contract aims to provide life planning advice and end-of-life management solutions to the public, and provide elderly service solutions to institutions and governments. It helps the Group to lock in customers in advance and create a stable customer reserve for the funeral and cemetery segments. In the context of an aging society, pre-need contract services have been attracting more customers who wish to make their after-death arrangements earlier, and have also gained recognition, support and service orders from governments at all levels and elderly service institutions. During the Period, a total of 10,252 pre-need contracts were signed (corresponding period of 2024: 11,923 contracts). Compared to channel development, we believe that the enhancement of the service content included in the pre-need contract will be more attractive to customers, governments at all levels and elderly service institutions, which will accelerate the promotion of the pre-need contract and improve its core competitiveness. During the Period, we focused on the design of integrated pre-need contracts that incorporate various professional support services such as hospice care, grief counseling and emotional intervention, to meet the multi-level needs of different segments of the population. At the same time, we continued to promote the all-round and multi-insurance cooperation with insurance companies, hoping to drive the growth of the pre-need contract business and the rapid expansion of the market through cross-industry cooperation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's eco-friendly cremator business, which integrates R&D, design, in-house production, comprehensive support and after-sales service, manufactures smart and eco-friendly cremation equipment and exhaust gas purification treatment systems. During the Period, we continued to optimize product performance and production processes, with particular emphasis on enhancing after-sale customer service. These efforts have further improved customer experience and product quality while reducing operational and maintenance costs. We also provided strong pre-sales technical support and responsive after-sale maintenance services, with the aim of retaining domestic and international customers and expanding into new overseas markets. On the R&D front, we continued to conduct statistical analysis to evaluate various models of flat furnaces, ash-sorting furnaces and exhaust gas purification system, further reducing their cremation time and fuel consumption through consistent optimization and adjustment. In addition, we have optimized the domestic and international sales system for the eco-friendly cremation equipment segment and enhanced the capabilities of our sales team. With the country's aging population intensifying, cremation rates rising, and environmental protection efforts gaining momentum, we believe that demand for eco-friendly and smart cremation equipment will increase significantly across various regions.

As of now, the Group's footprint covers over 40 cities in 19 provinces, autonomous regions and municipalities in China, including Shanghai, Henan, Chongqing, Anhui, Shandong, Liaoning, Heilongjiang, Fujian, Zhejiang, Jiangxi, Jiangsu, Guangxi, Beijing, Guizhou, Inner Mongolia, Gansu, Hubei, Hebei and Shaanxi, which includes our operating cemeteries and funeral facilities in major cities across 17 provinces, municipalities and autonomous regions in China. The Group's expansion plans in other major provinces, capital cities and major uncharted areas across China are progressing steadily. Adopting a prudent and steady approach, and upholding our responsibility to Shareholders, the Group will identify suitable targets, integrate diversified business resources, and pursue the acquisition of quality assets at fair and reasonable consideration.

Organizational vitality and talent development have always been key priorities for the Group. To this end, we actively foster multiple pathways for employee growth and promote innovation within our organization-wide incentive mechanism. We aim to complement our strategic planning across the industrial chain with a high-caliber professional workforce, fully leveraging the vital role of skilled professionals in driving the Group's development. During the Period, we introduced a system to support group-wide management through human resources digitalization, and enhanced both managerial and career progression pathways. In addition, an early warning mechanism for organizational performance and labor cost control was established to enable refined labor cost management, real-time tracking of cost fluctuations, and the timely implementation of control measures when budgets are exceeded, thereby improving overall management efficiency.

As a corporate funeral vocational and educational institution in China with qualifications as a non-degree higher educational institution, and as a core member of the Industry-education Integration Unit of the National Funeral Industry (全國殯葬行業產教融合共同體), the Group's Li Ji Academy hosted the "2025 Cemetery Operation and Management Professional Training" and participated in lectures and exchanges at the invitation of the Kunshan Civil Affairs Bureau of Jiangsu Province, the Shanghai Pudong Funeral Association, and Shanghai University. Furthermore, Li Ji Academy partnered with the International Mortuary Science Centre (IMSC) and Hong Kong Pelican & Partners Ltd (PNP) to organise the "International Standard Embalming and Restorative Art (Body Makeup) Training" and the "Special Training on Japanese Funeral Services". The Li Ji Academy also took part in the "2025 ICCFA Expo" in the United States, and attended the "18th FIAT-IFTA Annual Conference and the 54th International Council of Directions (ICD) of the FIAT-IFTA" in Japan. In terms of policy research, Liji Academy actively contributed to the drafting of the district standards for the Construction and Service Regulations for Public Welfare Burial (Resting) Facility (公益性安葬(放)設施建設和服務規範) in Shanghai's Pudong New Area. It

MANAGEMENT DISCUSSION AND ANALYSIS

was also invited by the editorial committee of the “National Blue Book for Civil Affairs and Vocational Education” (《全國民政職業教育藍皮書》) to prepare the report titled “Exploration of the Development Model of a High-Quality Vocational Education System for Life Service Enterprises”.

Upholding its corporate philosophy of “People-oriented and Culture-rooted”, the Group has successfully evolved from a traditional funeral service provider into a comprehensive provider of funeral and life technology services, extending its offerings beyond the earthly realm, represented by “Fu Shou Yuan”, into the spiritual dimension through its innovative “Metaverse Park”. The Group is committed to “enhancing the beauty of memorials, enriching the depth of remembrance, and extending the duration of commemoration”, fostering a new industry culture to drive transformation within the sector and contribute to broader social progress. During the 2025 Qingming Festival, approximately 23,295 online articles featured Fu Shou Yuan, marking an 18% year-on-year increase. The volume of online mentions, positive media coverage, and central media exposure all reached record high. Our innovative initiatives, including digital ventures and civilized-tomb sweeping practices across various regions, have been widely embraced by the public. Community appreciation extended to our brand activities, including memorial tributes to the deceased and organ donators, collective commemorations organized by cancer rehabilitation clubs, and the Peking University Qingming Forum, as well as public welfare efforts, such as industry-education collaboration and life education. Our life planners, ritual specialists, tombstone designers, and customer service personnel — collectively known as “life ferrymen”, has also received strong nationwide support. In March 2025, the 7th Peking University Qingming Forum was held at the Yingjie Exchange Center of Peking University. The forum was hosted by the School of Medical Humanities of Peking University and co-organized by Fu Shou Yuan International Group and China Organ Donation Administrative Center. With the theme of “Death and Dignity”, the forum aimed to advocate for and promote a deeper awareness of human dignity, supporting both the living and the departed in finding peace. It also sought to embed the values of end-of-life dignity into the process of medical treatment and funeral arrangements, organ donation and transplantation. The forum attracted nearly 300 in-person attendees at the main venue, including practitioners from the medical care, funeral, education, and public welfare sectors, teachers and students in related fields, and members of the public who registered online, as well as approximately 200,000 netizens who watched the live broadcast and related videos online. In addition, the Group’s achievements in public welfare, media communication, brand development, and contribution to social progress have received wide acclaim. The Group was honored with the Responsible Brand Award of the Year at the 14th Charity Festival (十四屆公益節「年度責任品牌獎」) and received the Outstanding Award in the “Civil Affairs China” category of the short video segment at the 15th Beijing International Film Festival (第十五屆北京國際電影節短視頻單元「民政中國」板塊優秀作品獎). Furthermore, Shanghai Fu Shou Yuan has been awarded the prestigious title of “National Model Unit of Civilization” (全國文明單位) for three consecutive years.

In summary, despite the complex economic environment which has posed challenges to the Group’s development during the Period, our dedicated team has come together to drive the core competitiveness of our products and services, laying a solid foundation for the Group’s sustainable growth and long-term success through expanded service offerings, technological leadership, cultural innovation, and efficiency. During the Period, the Group’s total revenue reached RMB610.9 million, representing a decrease of approximately 44.5% from the same period of last year. Loss attributable to the owners of the Company amounted to RMB261.4 million, representing a decrease of approximately 187.5% compared to the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the Period, our revenue decreased by RMB489.1 million or 44.5% to RMB610.9 million from RMB1,100.0 million in the same period of last year. We derive our revenue primarily from three business segments: burial services, funeral services and other services. The following table sets forth our revenue by segment for the Period:

	Six Months Ended			
	June 30, 2025		June 30, 2024	
	Revenue (RMB'000)	% of Total Revenue	Revenue (RMB'000)	% of Total Revenue
Burial services	477,375	78.1%	906,082	82.4%
Funeral services	121,873	20.0%	184,083	16.7%
Other services	14,628	2.4%	15,059	1.4%
Inter-segment elimination	(3,026)	(0.5%)	(5,233)	(0.5%)
Total	<u>610,850</u>	<u>100.0%</u>	<u>1,099,991</u>	<u>100.0%</u>

BURIAL SERVICES

The following table sets forth the breakdown of our revenue from burial services, including revenue from the sale of burial plots services and other burial services, for the Period:

	Six Months Ended			
	June 30, 2025		June 30, 2024	
	No. of burial plots	Revenue (RMB'000)	No. of burial plots	Revenue (RMB'000)
Sale of burial plot services				
Ordinary business plots	6,253	396,164	6,704	808,815
Public welfare plots and tomb relocation	<u>1,055</u>	<u>2,628</u>	<u>2,527</u>	<u>7,052</u>
	<u>7,308</u>	<u>398,792</u>	<u>9,231</u>	<u>815,867</u>
Other burial services		<u>78,583</u>		<u>90,215</u>
Total revenue from burial services	<u>7,308</u>	<u>477,375</u>	<u>9,231</u>	<u>906,082</u>

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, in order to correspond to different economic environment, consumption behavior changes, market competition as well as the impact of value-added tax, on one hand, we updated our products and services mix with lower ASP, allowing for more customers to enjoy high quality services and products; on the other hand, we supplied products with wider range of prices, aiming at additional customer base to achieve a long term higher market share.

During the Period, the revenue from sale of burial plots services for ordinary business purpose decreased by RMB412.7 million or 51.0% as compared to the same period of last year, and sales volume decreased by 451 or 6.7% while the ASP decreased by RMB57,000 per plot or 47.5%.

During the Period, sale of public welfare plots and tomb relocation recorded RMB2.6 million, which related mainly to 1) tomb relocation and construction service to meet the market demand due to certain government's plan to develop local infrastructure construction; and 2) public welfare plots services rendered to designated people.

The following table sets forth the breakdown of revenue of sale of burial plots services for ordinary business purpose from our new (i.e. those related to acquisitions/new construction) and comparable cemeteries during the Period:

	Six Months Ended			
	June 30, 2025		June 30, 2024	
	No. of	Revenue	No. of	Revenue
	burial plots	(RMB'000)	burial plots	(RMB'000)
Sale of burial plots services for ordinary business purpose, from:				
Comparable cemeteries*	6,184	393,269	6,704	808,815
Cemeteries related to acquisitions/ new construction	69	2,895	—	—
Total revenue from sale of burial plots services for ordinary business purpose	6,253	396,164	6,704	808,815

* Comparable cemeteries refer to those cemeteries owned and operated by the Group on or before January 1, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, revenue from sale of burial plots services for ordinary business purpose in comparable cemeteries decreased by RMB415.5 million or 51.4% as compared to the same period of last year. Its sales volume decreased by 520 or 7.8%. This is mainly because customers appeared to be more cautious towards their consumption behavior during the Period. Meanwhile, the ASP of burial plots services for ordinary business purpose in comparable cemeteries decreased by 47.3% as compared to the same period of last year. It is mainly because of the supply adjustment of high and medium value-added products mix, additional supply of medium-priced products as well as the combined impact of valued-added tax imposed on the burial plots services. Revenue from sale of burial plots services for ordinary business purpose in newly acquired or newly developed cemeteries increased by RMB2.9 million, mainly due to the revenue contribution from the cemetery in Dezhou of Shandong Province which started to operate in the last year. The ASP of burial plots sold for ordinary business purpose in newly acquired cemetery was lower than that of comparable cemeteries, as the cemetery is located at different regions with different products and services rendered and the new cemetery need time to improve their landscape, enhance the services, strengthen their team and upgrade the operation gradually, in order to provide high quality services to their customers and to increase the returns to the Group. We formulated a systematic operation improvement plan for these new projects to ensure the achievement of the above goals. Leveraging on our advanced philosophy, extensive management experience in death care business and a strong team of professionals, those new cemeteries are expected to achieve profitable growth in the future.

FUNERAL SERVICES

The following table sets forth the breakdown of revenue from our newly acquired/established and comparable funeral facilities during the Period:

	Six Months Ended			
	June 30, 2025		June 30, 2024	
	No. of customers	Revenue (RMB'000)	No. of customers	Revenue (RMB'000)
Funeral services, from:				
Comparable facilities*	<u>26,007</u>	<u>121,873</u>	<u>34,891</u>	<u>184,083</u>

* Comparable facilities refer to those funeral facilities owned by the Group on or before January 1, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, funeral services' revenue from comparable funeral facilities and services decreased by RMB62.2 million or 33.8%. The service volume decreased by 8,884 households or 25.5%. The aforesaid decrease was mainly due to the following combined effects: 1) the cooperation of a funeral project located in Hefei City of Anhui Province expired before the end of 2024, resulting in the reduction in the Group's funeral services' volume; 2) the original cooperation of a funeral project located in Xiamen City of Fujian Province expired at the end of 2024 and in 2025 the subsidiary in Xiamen was no longer consolidated in the Group from 2025, resulting in the reduction in the Group's funeral services' volume. Meanwhile, ASP of comparable funeral facilities and services decreased by approximately 11.2% as compared to the same period of last year, mainly due to 1) the de-consolidation of the subsidiary in Xiamen City of Fujian Province upon the expiration of cooperation agreement resulted in lower ASP of funeral services of the Group; and 2) changes in sales contribution mix among the funeral facilities and services.

During the Period, there were no new newly acquired or established funeral facilities.

GEOGRAPHIC INFORMATION

Our cemeteries and funeral facilities under operation are strategically located in major cities across 17 provinces, municipalities and autonomous regions in the PRC. The following table sets forth a breakdown of revenue from burial services and funeral services by region during the Period:

	Six Months Ended			
	June 30, 2025		June 30, 2024	
	Revenue (RMB'000)	% of Total Revenue	Revenue (RMB'000)	% of Total Revenue
Shanghai	240,970	40.2%	526,143	48.3%
Liaoning	65,607	11.0%	69,766	6.4%
Anhui	63,662	10.6%	87,739	8.0%
Henan	33,165	5.5%	68,805	6.3%
Jiangxi	32,489	5.4%	46,154	4.2%
Jiangsu	32,059	5.4%	52,524	4.8%
Shandong	27,736	4.6%	44,558	4.1%
Zhejiang	22,632	3.8%	25,354	2.3%
Chongqing	20,330	3.4%	37,787	3.5%
Heilongjiang	17,995	3.0%	42,568	3.9%
Guizhou	14,667	2.4%	23,604	2.2%
Gansu	12,010	2.0%	13,821	1.3%
Inner Mongolia	6,761	1.1%	9,332	0.9%
Guangxi	6,584	1.1%	8,980	0.8%
Shaanxi	2,300	0.4%	1,530	0.1%
Hubei	281	0.1%	814	0.1%
Fujian	—	—	30,686	2.8%
Total	599,248	100.0%	1,090,165	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, as impacted by the market competition, customers' cautious spending behavior, the impact of value-added tax imposed on the burial services, together with the adjustment of high and medium value-added products and related marketing strategy coming to effect, the revenue from burial and funeral services by region reduced to different degrees.

The revenue in Shanxi Province increased because the subsidiary in Yanan City was newly acquired with lower comparative base.

The revenue in Fujian region reported nil during the Period because the subsidiary in Xiamen City of Fujian Province was de-consolidated from 2025 following the expiration of the original cooperation at the end of 2024.

OTHER SERVICES

Revenue from other services for the Period mainly represented revenue of approximately RMB7.5 million generated from our professional design services offered to cemeteries and funeral parlours throughout the nation, revenue from the sale of cremation machines and other related services of approximately RMB2.9 million.

OPERATING EXPENDITURE

The Group's operating expenditure increased by RMB252.3 million or 42.9%. Such increase was mainly attributable to the following combined effects: 1) the addition of impairment of related assets in the amount of RMB206.0 million based on the evaluation and expectation of business operating environment and operating cashflow, of which the impairment of goodwill and related assets in connection with several cemeteries projects amounted to RMB217.6 million; 2) one-off redundancy compensation in order to optimize and increase the human resources efficiency group-wide; 3) increased tax expenses incurred by certain subsidiaries due to variable tax factors; 4) reduction in various operating expenditure in line with the decrease of sales volume.

The Group's staff costs include staff salaries, bonuses and benefits. During the Period, the staff costs decreased by RMB75.3 million or 29.5%. Such decrease was mainly attributable to the reduction in salaries and bonuses in line with the decrease in the Group's revenue from cemeteries and funeral services.

The construction costs relate to the expenditures in building burial plot products (excluding stone materials). During the Period, the construction costs decreased by RMB12.7 million or 32.8% in line with the reduced construction size in view of the decreased sales volume, as the Group closely monitored the construction planning of the theme parks in the cemeteries in order to optimize the construction size and increase the input-output efficiency. Meanwhile, the Group focuses on cost invested in construction, through optimizing the vendors pool and suppliers ranking, reducing overall procurement and engineering costs while maintaining quality and quantity, continuously improving the return on investment in construction.

Consumed materials and goods relate to materials and goods consumed when we provide burial, funeral and other services. They also include the materials and goods consumed when we build burial plots. During the Period, the consumed materials and goods decreased by approximately RMB22.1 million or 28.6%, in line with the decline of business volume of burial and funeral services. Meanwhile, the Group focuses on implementing the centralized procurement to a larger scale and to cover more materials with a view to continuing to reduce overall purchase costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Marketing and sales channel costs mainly include advertising costs, marketing costs and sales commission. During the Period, the marketing and sales channel costs decreased by RMB3.7 million or 17.9%. Such decrease was the combined effect of reduced sales volume, better control of marketing costs and sales commission percentage offered to the third-party sales agents.

During the Period, depreciation and amortization decreased by RMB1.8 million or 2.0%, mainly because during the Period, certain assets have been fully depreciated and hence less amortization occurred compared to the same period of last year.

Other general operating expenditures increased by RMB145.4 million or 194.4%, mainly due to the increased maintenance expenses and office costs as well as the increased tax expenses incurred by certain subsidiaries due to variable tax factors and was partly offset by 1) the reduction of relevant expenditures such as entertainment fees, travel expenses, and transportation costs, etc. in line with the decline of sales volume; and 2) the continued implementation of in-depth cost control measures group wide during the Period.

Impairment losses of RMB217.6 million were recognized on property and equipment, intangible assets, cemetery assets and goodwill in connection with several cemetery projects after evaluation of their updated business environment, projection of operating cash flow and etc. Among the aforesaid RMB217.6 million, impairment losses of RMB77.9 million were recognized on the goodwill of a cemetery located in Shandong Province, impairment losses of RMB68.5 million were recognized on the goodwill and related assets of a cemetery project located in Jiangxi Province, impairment losses of RMB37.6 million were recognized on the goodwill of a cemetery project located in Hebei Province, and impairment losses of RMB32.8 million were recognized on the goodwill and related assets of a cemetery project located in Hubei Province.

OPERATING PROFIT AND OPERATING PROFIT MARGIN

As a result of the foregoing change of revenue and operating expenditure, our operating profit for the Period decreased by RMB741.5 million or 144.8% as compared to the same period of last year. The following table sets forth a breakdown of our operating profit and operating profit margin by segment for the Period:

	Six Months Ended			
	June 30, 2025		June 30, 2024	
	Operating Profit (RMB'000)	Operating Profit Margin	Operating Profit (RMB'000)	Operating Profit Margin
Burial services	(214,162)	(44.9%)	492,814	54.4%
Funeral services	(5,310)	(4.4%)	25,840	14.0%
Other services	(10,179)	(69.6%)	(6,660)	(44.2%)
Inter-segment elimination	402	(13.3%)	243	(4.6%)
Total	(229,249)	(37.5%)	512,237	46.6%

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the operating profit margin of burial services decreased to -44.9% from 54.4% in the same period of last year. The decrease was mainly because of reduction in cemeteries' revenue as well as the increase of taxation in certain subsidiaries. In addition, given that several cemetery projects' business performance did not meet the expectation and after prudent evaluation of their updated business environment, and future market projection, impairment losses of RMB217.6 million were recognized on the goodwill and related assets of these projects, resulting in further decline of the operating profit margin.

Since the cooperation of a funeral project in Heifei City of Anhui Province ended before the end of 2024 and a funeral subsidiary in Xiamen of Fujian Province was no longer consolidated from 2025 following the expiration of original cooperation, the Group's funeral revenue and operating profit reduced. In addition, high value added funeral services volume reduced during the Period, also resulting in a further decline of the operating profit margin.

During the Period, other services segment recorded an operating loss of RMB10.2 million, mainly arising from the continued investments in the research and development of technology and products of cremation machines and Fu Shou Cloud, which are our two strategic segments. We are optimistic about the future of the business on our environmental-friendly cremation machines under the back-drop of tightening of the rules and regulations on environmental protection by the government. Fu Shou Cloud focuses on the application of technology in combined death care and "Internet + death care" services, which is an important direction of the future development of the Group.

FINANCE COSTS

Finance costs for the Period consisted of interest expenses of RMB0.4 million (the same period of last year: RMB0.4 million) on loans from non-controlling shareholders of certain subsidiaries, and interest expenses on lease liabilities and other long-term liabilities of RMB4.2 million (the same period of last year: RMB3.2 million). There is no interest expenses (the same period of last year: RMB5.5 million) on overseas bank loan designated for the purpose of dividend payout.

Interest expenses on loans from non-controlling shareholders represent the interest expenses of loans borrowed by certain non-wholly owned subsidiaries from their non-controlling shareholders. These subsidiaries were jointly invested by the Group and those non-controlling shareholders. In addition to the registered capital, our Group and such non-controlling shareholders jointly provided funding to these subsidiaries for their land acquisition and cemetery development via shareholders' loan in accordance with the respective shareholding percentages. The interests are charged based on the market rates.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INCOME, GAINS AND LOSSES

Other income, gains and losses for the Period mainly include interest income, government grants received, exchange gains and losses, changes in the value of financial assets at fair value, gains and losses from the disposal of long-term assets and etc. Interest income and gains from unlisted cash management products during the Period amounted to RMB27.5 million, representing a reduction of RMB10.8 million or 28.3% as compared to the same period of last year; disposal of long-term assets and leases during this period resulted in a gain of RMB7.0 million; government grants received for the Period was RMB4.4 million, representing an increase of RMB1.7 million or 64.4% compared to the same period of last year. Such gains were partially offset by the total exchange loss for this year of approximately RMB11.2 million.

INCOME TAX EXPENSE

Under the EIT Law and its Implementation Regulations, our PRC subsidiaries are subject to the tax rate of 25% since January 1, 2008.

During the Period, income tax expenses recorded RMB31.5 million, representing a decrease of RMB148.1 million or 82.5% as compared to the same period of last year. The decrease is the combined effect of 1) decreased taxable income in line with the decline of the revenue; and 2) the applicable tax rates of the withholding tax on the relevant profits remitted from domestic subsidiaries to the Group's overseas intermediate holding company decreased to 5% since the Group qualified for the requirements of the relevant bilateral tax agreement.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

As mentioned above, our loss attributable to owners of the Company for the Period amounted to RMB261.4 million, representing a decrease of RMB560.2 million or 187.5% as compared to the same period of last year.

CASH FLOW

The following table sets forth a summary of our consolidated statement of cash flows for the Year:

	Six Months Ended	
	June 30, 2025 (RMB'000)	June 30, 2024 (RMB'000)
Net cash generated from (used in)		
— operating activities	63,665*	355,196*
— investing activities	224,586*	(193,120)*
— financing activities	(695,625)	(210,388)
Total	(407,374)	(48,312)

MANAGEMENT DISCUSSION AND ANALYSIS

- * A classification made by the management does not comply with International Financial Reporting Standards, however, the management considers this classification can better reflect the nature of the Group's business and can make the information disclosed more comparable. The net cash generated from operating activities disclosed in the unaudited financial statements amounted to RMB56.9 million (the same period of last year: RMB338.6 million) and the net cash used in investing activities disclosed in the unaudited financial statements amounted to RMB231.3 million (the same period of last year: net cash used of RMB176.5 million). During the Period, an amount of RMB6.7 million (the same period of last year: RMB16.6 million) relating to the payment for cemetery land acquisition was here classified under the cash used in investing activities, instead of cash used in operating activities.

We generated our cash from operating activities primarily from proceeds of our death care service businesses. Our cash used in operating activities is primarily for the development and construction of burial plots, and other operating expenditures, also including dividend income tax expenses paid when distributing dividends overseas. Our net cash generated from operating activities amounted to RMB63.7 million for the Period, representing a decrease of RMB291.5 million or 82.1% as compared to the same period of last year, which was primarily due to the decrease in revenue.

Our net cash received from investing activities amounted to RMB224.6 million during the Period. It was primarily due to: (i) net amount of withdrawal of time deposits, entrusted loans and other financial assets of RMB295.2 million; (ii) the interests and gains from unlisted cash management products received of RMB23.6 million; which were partially offset by (iii) payment of RMB72.2 million for building new burial and funeral facilities and capital expenditures for upgrades and maintenance in other cemeteries and funeral facilities; (iv) payment of RMB14.7 million for the acquisition of operating rights of subsidiaries, cemeteries and funeral parlors as well as other investments, and (v) payment of RMB6.7 million for the acquisition of cemetery lands.

Our net cash used in financing activities amounted to RMB695.6 million during the Period. It was primarily due to: (i) final dividends for 2024 and the first tranche of special dividends declared in 2025 paid to Shareholders; (ii) dividends paid by subsidiaries to their non-controlling shareholders of RMB116.1 million; and (iii) repayment of lease payment and other long-term liabilities of RMB17.8 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at June 30, 2025, we had bank balances and cash of RMB1,622.7 million (December 31, 2024: RMB2,056.6 million), time deposits of RMB171.2 million (December 31, 2024: RMB188.4 million) and unlisted cash management products of RMB311.9 million (December 31, 2024: RMB589.2 million). Such financial assets represent cash management products with relatively lower risk ratings, which are repayable on demand and have maturity dates shorter than six months, or are repayable upon notice of withdrawn by the Company at its discretion. Such assets are highly dispersed and are managed by certain state-owned banks, with expected annualized return rates ranging from 1.25% to 2.80%. To support our expansion strategy, we hold a relatively high level of cash. In order to moderately increase capital returns, under the premise of ensuring safety and liquidity, we have allocated a part of treasury fund to short-term cash management products. Such products are issued and managed by state-owned banks and have clearly-specified expected return rates, maturity dates or are immediately redeemable. Even though the principals and return rates of such products are in theory and as stipulated, determined by reference to the performance of the underlying assets, such as government debt instruments, treasury notes and corporate bonds with high credit ratings, and not guaranteed by the issuing banks, they are secured in substance considering the features and historical performance of such products and present situation of bank system in the PRC. We internally regard our treasury fund put in such cash management products as part of our cash balance, however, from the accounting point of view, they are classified as the financial assets at fair value through profit or loss. In the foreseeable future, we expect to fund our capital

MANAGEMENT DISCUSSION AND ANALYSIS

expenditure, working capital and other capital requirements from the cash generated from our operations, bank borrowings, and other financing channels. The Board confirmed that the transactions in financial assets for the Period, on a standalone basis or aggregate basis, did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

As at June 30, 2025, we had no outstanding bank borrowings.

GEARING RATIO

Gearing ratio is total borrowings divided by total equity at the end of each financial period multiplied by 100%. Our gearing ratio as at June 30, 2025 was 0.6% (December 31, 2024: 0.5%). Our operation has been lightly leveraged because of our good cash generating capability from our operating activities. Although we expect that our capital expenditure in the following years will maintain at a relatively high level, we do not anticipate our gearing ratio will substantially increase considering the balance of bank and cash on hand. Therefore, we are exposed to limited interest rate risk.

CURRENCY RISK

The Group conducts its businesses in the PRC and its functional currency is RMB. However, certain bank balances are denominated in foreign currencies, which exposed the Group to foreign currency risk. As at June 30, 2025, the amount denominated in RMB, HK\$, JPY and US\$ under the financial assets, time deposits, bank balances and cash accounted for 84.7%, 13.6%, 0.3% and 1.4% respectively, of the total amount of these assets. We believe the current level of financial assets, time deposits, bank balances and certain payables denominated in foreign currencies expose us to a limited and manageable foreign currency risk. The management controls foreign currency risk by strictly managing the size of foreign currency risk exposure and closely observing the movement of foreign currency rates. We may, if necessary, hedge against foreign currency risk using financial instruments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no other material acquisitions or disposals of subsidiaries and affiliated companies of the Group during the Period.

SIGNIFICANT INVESTMENTS

As at June 30, 2025, the Group did not hold any significant investments (December 31, 2024: Nil).

CHARGES ON ASSETS

As at June 30, 2025, the Group did not have any charges over assets (December 31, 2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at June 30, 2025, the Group has no specific plans for any material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICY

We have adopted the Restricted Share Incentive Scheme on November 29, 2019 to provide incentive or reward to eligible participants including directors and employees for their contribution or potential contribution to the Group. As of June 30, 2025, the trustee of the Restricted Share Incentive Scheme held 48,800,000 Shares purchased from the secondary market and the above Restricted Shares have not been granted to eligible participants. There was no grant of Restricted Shares to the eligible participants during the Period.

As at June 30, 2025, we had 1,998 full-time employees (December 31, 2024: 2,198 full-time employees). We offer competitive packages and benefits to our staff. We also make contributions to social security insurance funds in accordance with applicable laws and regulations. Furthermore, we provide staff training and development programs and performance-based bonus to ensure that our employees are equipped with necessary skills and are remunerated according to their performance.

CAPITAL COMMITMENT

We contracted, but not provided in the financial statements, for capital expenditure in respect of acquisition of subsidiaries, land use rights, other investments, cemetery assets and property and equipment in a total amount of approximately RMB51.4 million as at June 30, 2025.

CEMETERY LANDS AVAILABLE

The saleable area for burial plots was approximately 2.82 million sq.m. as at June 30, 2025 (December 31, 2024: approximately 2.83 million sq.m.), which is sufficient to satisfy the needs of the Group's sustainable operation in the long run. When we determine the saleable area of each cemetery, we have already estimated and excluded those areas not for construction of tombs, such as the areas in connection with business centres, office buildings, landscaping and main roads. Such estimation may be updated from time to time as our development plan may be improved from time to time.

CONTINGENT LIABILITIES

As at June 30, 2025, we had no contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event that might affect the Group subsequent to the Period.

PROSPECTS

Looking ahead, we will strive to explore a new development model of the industry, reach the goal to carrying memory and emotion by the Internet technology and building the wisdom, efficient, environmental protection, warm service system, inject new connotation into the industry, continue to lead the industry reform and improve the service level. We will adhere to our strategy of expansion, look for suitable growth opportunities, strive for external development and business chain perfecting, consolidate the highly disintegrated resources of the PRC's death care industry, and boost our market share to cater for more people's need for high quality death care services. We will push for the implementation of all the signed projects. Leveraging our advanced philosophy and expertise in death care business, we will consolidate newly acquired businesses and raise their standards to be aligned with ours. We will actively transform from a death care service provider to a death care and life technology service provider, with the aim of offering high-quality life services and technology-driven commemorative services, promoting industry change, and advancing social civilization.

MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, we will strive to make our cremation machine business become an important segment of the Group's business. With much effort to promoting pre-need business with the pre-need contract business as the core and innovative ideas in our collaboration with local governments, we will strive to increase the percentage of our funeral services in the Group's business and the scale of professional design business, and foster the integration of the Internet to improve service contents and accessibility and formulate our plan for the business of death care related consumables. Last but not least, while promoting growth in various business segments, we will strive for a balance between short-term interest and long-term value, expand our business at a more steady and sustainable pace, and stay focused on managing Fu Shou Yuan, a living entity that carries memories and emotions, with a view to consistently rewarding our Shareholders with the best returns.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES

As at June 30, 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors	Capacity	Nature of Interest	Number of Shares	Approximate percentage of the issued share capital of the Company
Mr. Bai Xiaojiang	Beneficiary of a trust (Note 1)	Long position	96,600,000	4.16%
	Beneficial owner	Long position	10,453,452	0.45%
Mr. Wang Jisheng	Beneficiary of a trust (Note 2)	Long position	96,600,000	4.16%
	Beneficial owner	Long position	453,452	0.02%
Mr. Tan Leon Li-an	Beneficial owner	Long position	900,000	0.04%
Mr. Lu Hesheng	Interest in a controlled corporation (Note 3)	Long position	27,600,000	1.19%
Mr. Huang James Chih-Cheng	Beneficial owner	Long position	400,000	0.02%

Notes:

1. Mr. Bai Xiaojiang is interested in the entire issued share capital of Wish and Catch, which in turn is interested in approximately 4.16% of the issued share capital of the Company. These shares are held indirectly under a trust, of which Mr. Bai Xiaojiang is a beneficiary.
2. Mr. Wang Jisheng is interested in the entire issued share capital of Peaceful Field, which in turn is interested in approximately 4.16% of the issued share capital of the Company. These shares are held indirectly under a trust, of which Mr. Wang Jisheng is a beneficiary.
3. Mr. Lu Hesheng is interested in the entire issued share capital of Grand Fire, which in turn is interested in approximately 1.19% of the issued share capital of the Company.

Save as disclosed above, as at June 30, 2025, neither the Directors nor chief executives of the Company (including their spouses and children under 18 years of age) had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2025, so far as the Directors were aware, the Shareholders, other than the Directors or chief executives of the Company, who had an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of substantial Shareholders	Capacity	Nature of Interest	No. of Shares	Approximate percentage of the issued share capital of the Company
FSG Holding	Beneficial owner	Long position	320,360,000	13.81%
Mr. Tan Tize Shune (also known as "Tan Chih Chun")	Founder of a discretionary trust (Note 1)	Long position	320,360,000	13.81%
Perfect Score	Beneficial owner	Long position	483,000,000	20.82%
Alliance Rise	Interest in a controlled corporation (Note 2)	Long Position	483,000,000	20.82%
Zhongfu	Interest in a controlled corporation (Note 3)	Long position	483,000,000	20.82%
Hongfu	Interest in a controlled corporation (Note 4)	Long position	483,000,000	20.82%
NGO 1	Interest in a controlled corporation (Note 5)	Long position	483,000,000	20.82%
NGO 2	Interest in a controlled corporation (Note 6)	Long position	483,000,000	20.82%
Sunshine Life Insurance Co., Ltd.* (陽光人壽保險股份有限公司)	Beneficial owner (Note 7)	Long position	151,482,000	6.53%
Sunshine Insurance Group Co., Ltd.* (陽光保險集團股份有限公司)	Interest in a controlled corporation (Note 7)	Long position	151,482,000	6.53%

* The English translation is for identification purpose only

Notes:

- Mr. Tan Tize Shune (also known as "Tan Chih Chun"), the father of Mr. Tan Leon Li-an, is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of FSG Holding through (i) being a settlor of a trust, which in turn is interested in the entire issued share capital of Pacific Millennium Investment Corporation, the largest shareholder of FSG Holding; and (ii) being a settlor of another trust, which in turn is interested in the entire issued share capital of Fast Answer Limited, the third largest shareholder of FSG Holding. Together, Mr. Tan Tize Shune is interested in an aggregate of 48.15% of the issued share capital of FSG Holding. Accordingly, Mr. Tan Tize Shune is deemed or taken to be interested in approximately 13.81% of the issued share capital of the Company in which FSG Holding is interested in.

OTHER INFORMATION

2. Perfect Score is a direct wholly-owned subsidiary of Alliance Rise and Alliance Rise is deemed or taken to be interested in approximately 20.82% of the issued share capital of the Company in which Perfect Score is interested in.
3. Alliance Rise is a direct wholly-owned subsidiary of Zhongfu and Zhongfu is deemed or taken to be interested in approximately 20.82% of the issued share capital of the Company in which Perfect Score is interested in.
4. Zhongfu is a direct wholly-owned subsidiary of Hongfu and Hongfu is deemed or taken to be interested in approximately 20.82% of the issued share capital of the Company in which Perfect Score is interested in.
5. Hongfu is owned by NGO 1 as to 50% and NGO 1 is deemed or taken to be interested in approximately 20.82% of the issued share capital of the Company in which Perfect Score is interested in.
6. Hongfu is owned by NGO 2 as to 50% and NGO 2 is deemed or taken to be interested in approximately 20.82% of the issued share capital of the Company in which Perfect Score is interested in.
7. Sunshine Insurance Group Co., Ltd. is interested in approximately 99.99% of the issued share capital of Sunshine Life Insurance Co., Ltd. and therefore Sunshine Insurance Group Co., Ltd. is deemed or taken to be interested in approximately 6.53% of the issued share capital of the Company in which Sunshine Life Insurance Co., Ltd. is interested in.

Save as disclosed above, as at June 30, 2025, so far as the Directors were aware, no other persons (other than the Directors or chief executives) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

RESTRICTED SHARE INCENTIVE SCHEME

The Company adopted the Restricted Share Incentive Scheme on November 29, 2019 and shall be valid and effective for a period of 10 years unless terminated earlier by a resolution of the Board. The purpose of the Restricted Incentive Scheme is to provide incentive or reward to eligible participants including directors and employees for their contribution or potential contribution to the Group. The total number of the Restricted Shares underlying all grants made pursuant to the Restricted Share Incentive Scheme shall not exceed 3% of the total issued share capital of the Company as at the date of adoption of the Restricted Share Incentive Scheme (i.e. 67,444,812 Shares). As at each of January 1, 2025 and June 30, 2025, the trustee of the Restricted Shares Incentive Scheme held 48,800,000 shares while no Restricted Shares were granted under the Restricted Share Incentive Scheme. As at each of January 1, 2025 and June 30, 2025, the number of Shares available for grant under the scheme mandate limit of the Restricted Share Incentive Scheme is 67,444,812 Shares, representing approximately 2.9% of the total issued Shares (excluding treasury shares). No service provider sublimit was set under the Restricted Share Incentive Scheme. As at June 30, 2025, the total number of shares available for issue under the Restricted Share Incentive Scheme was 18,644,812, representing approximately 0.8% of the issued Shares (excluding treasury shares) as at June 30, 2025.

No Restricted Share were granted, vested, cancelled or lapsed under the Restricted Share Incentive Scheme during the six months ended June 30, 2025.

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

During the six months ended June 30, 2025, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). There are no treasury Shares held by the Company (whether held directly or deposited in the Central Clearing and Settlement System or otherwise) as at June 30, 2025 and the date of this interim report.

OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2025.

No incident of non-compliance with the Model Code by the Directors was noted by the Company during the six months ended June 30, 2025.

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

During the Period, there is no change in the Directors' information, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK7.00 cents per Share for the six months ended June 30, 2025 (2024 interim: HK6.38 cents per Share). The interim dividend will be paid to the Shareholders on Friday, November 28, 2025. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on Friday, November 14, 2025.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, November 11, 2025 to Friday, November 14, 2025, both dates inclusive, during which period no transfer of Shares will be registered. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar 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, no later than 4:30 p.m. on Monday, November 10, 2025.

CORPORATE GOVERNANCE

The Company recognizes the importance of corporate transparency and accountability. The Company is committed to achieving high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Board is of the opinion that the Company has complied with the code provisions as set out in the CG Code throughout the six months ended June 30, 2025.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2025 have been reviewed by the auditor of the Company, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The independent review report of the auditor is included in this interim report.

The Audit Committee of the Company, comprising three independent non-executive Directors, namely, Mr. Ho Man (Chairman of the Audit Committee), Mr. Luo Zhuping and Mr. Chen Xin, and one non-executive Director, namely, Mr. Huang James Chih-Cheng, has reviewed together with the management the accounting principles and policies adopted by the Group, and the Group's unaudited interim results for the six months ended June 30, 2025.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF FU SHOU YUAN INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Fu Shou Yuan International Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 30 to 58, which comprise the condensed consolidated statement of financial position as of June 30, 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 29, 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2025

	NOTES	For the six months ended June 30,	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	4	610,850	1,099,991
Operating expenditures			
Staff costs		(180,310)	(255,647)
Construction costs		(26,020)	(38,705)
Consumed materials and goods		(55,184)	(77,241)
Outsourced service costs		(21,769)	(26,264)
Marketing and sales channel costs		(16,724)	(20,381)
Depreciation and amortisation		(87,818)	(89,570)
Other general operating expenditures		(220,239)	(74,810)
Inventory changes		(11,713)	9,187
Impairment losses under expected credit loss model, net of reversal	18	(2,684)	(14,323)
Impairment losses recognised on property and equipment, intangible assets, cemetery assets and goodwill	12&13	(217,638)	—
(Loss) profit from operations		(229,249)	512,237
Other income, gains and losses	6	837	37,274
Share of (loss) profit of a joint venture		(3,127)	2,339
Share of profit of associates		3,770	—
Finance costs	5	(4,601)	(9,113)
(Loss) profit before taxation	7	(232,370)	542,737
Income tax expense	8	(31,503)	(179,602)
(Loss) profit for the period		(263,873)	363,135
(Loss) profit for the period attributable to:			
Owners of the Company		(261,411)	298,801
Non-controlling interests		(2,462)	64,334
		(263,873)	363,135

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2025

		For the six months ended June 30,	
	NOTE	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(414)	—
Other comprehensive expense for the year, net of income tax		(414)	—
Total comprehensive (expense) income for the year		(264,287)	363,135
Total comprehensive (expense) income attributable to:			
Owners of the Company		(261,585)	298,801
Non-controlling interests		(2,702)	64,334
		(264,287)	363,135
		RMB cents	RMB cents
(Loss) earnings per share — Basic	11	(11.5)	13.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2025

	NOTES	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Non-current assets			
Property and equipment	12	571,235	565,676
Right-of-use assets	12	160,809	179,645
Investment property		6,509	6,509
Intangible assets	12	255,046	257,302
Goodwill	13	940,923	1,106,076
Deposits paid for acquisition of leasehold land as cemetery assets		21,963	22,334
Cemetery assets	14	1,922,097	1,995,409
Investment in associates		13,948	2,935
Investment in a joint venture	15	51,286	54,413
Time deposits	20	210,586	207,633
Restricted deposits		109,272	96,395
Deferred tax assets	16	124,199	120,956
Other long-term assets		2,287	8,930
		<u>4,390,160</u>	<u>4,624,213</u>
Current assets			
Inventories	17	558,421	576,326
Trade and other receivables	18	144,049	132,922
Financial assets at fair value through profit or loss ("FVTPL")	19	311,892	589,176
Time deposits	20	171,238	188,375
Bank balances and cash	21	1,622,742	2,056,626
Contract assets		12,976	13,559
		<u>2,821,318</u>	<u>3,556,984</u>
Assets classified as held for sale	22	<u>26,801</u>	<u>—</u>
		<u>2,848,119</u>	<u>3,556,984</u>
Current liabilities			
Trade and other payables	23	864,674	667,564
Lease liabilities		13,400	19,752
Contract liabilities		116,791	123,435
Loans from non-controlling shareholders of subsidiaries		30,472	30,466
Dividends payable		448,655	110,124
Income tax liabilities		83,563	212,079
		<u>1,557,555</u>	<u>1,163,420</u>
Liabilities associated with assets classified as held for sale	22	<u>13</u>	<u>—</u>
		<u>1,557,568</u>	<u>1,163,420</u>
Net current assets		<u>1,290,551</u>	<u>2,393,564</u>
Total assets less current liabilities		<u>5,680,711</u>	<u>7,017,777</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2025

	NOTES	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		90,932	111,544
Contract liabilities		512,864	514,208
Deferred tax liabilities	16	132,413	150,896
Other long-term liabilities		78,871	85,301
		<u>815,080</u>	<u>861,949</u>
Net assets		<u>4,865,631</u>	<u>6,155,828</u>
Capital and reserves			
Share capital	24	142,148	142,148
Reserves		4,149,103	5,419,006
Amounts recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sale	22	(16)	—
Equity attributable to owners of the Company		4,291,235	5,561,154
Non-controlling interests		574,396	594,674
Total equity		<u>4,865,631</u>	<u>6,155,828</u>

The condensed consolidated financial statements on pages 30 to 58 were approved and authorised for issue by the Board of Directors on August 29, 2025 and are signed on its behalf by:

Bai Xiaojiang
DIRECTOR

Wang Jisheng
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2025

	Attributable to owners of the Company							Amount recognised in other comprehensive income for assets held for sale	Retained profits	Subtotal attributable to owners of the Company	Non-controlling interests	Total
	Share capital RMB'000	Treasury shares RMB'000	Share Premium* RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Translation reserve RMB'000	Other reserve RMB'000					
At December 31, 2023 (Audited)	142,148	(247,361)	671,154	84,667	225,254	—	(104,411)	—	5,148,604	5,920,055	653,809	6,573,864
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	—	298,801	298,801	64,334	363,135
Capital injection to a subsidiary	—	—	—	—	—	—	(6,797)	—	—	(6,797)	6,797	—
Dividends recognised as distributions	—	—	(600,133)	—	—	—	—	—	—	(600,133)	—	(600,133)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(15,620)	(15,620)
Dividend receipt under the restricted share incentive scheme	—	3,055	—	—	—	—	—	—	—	3,055	—	3,055
At June 30, 2024 (Unaudited)	142,148	(244,306)	71,021	84,667	225,254	—	(111,208)	—	5,447,405	5,614,981	709,320	6,324,301
At December 31, 2024 (Audited)	142,148	(231,883)	—	84,667	238,645	158	(116,251)	—	5,443,670	5,561,154	594,674	6,155,828
Loss for the period	—	—	—	—	—	—	—	—	(261,411)	(261,411)	(2,462)	(263,873)
Other comprehensive expense for the period	—	—	—	—	—	(158)	—	(16)	—	(174)	(240)	(414)
Total comprehensive expense for the period	—	—	—	—	—	(158)	—	(16)	(261,411)	(261,585)	(2,702)	(264,287)
Disposal of subsidiaries (Note 9)	—	—	—	—	(1,496)	—	—	—	1,496	—	(2,449)	(2,449)
Dividends recognised as distributions (Note 10)	—	—	—	—	—	—	—	—	(1,020,397)	(1,020,397)	—	(1,020,397)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(15,127)	(15,127)
Dividend receipt under the restricted share incentive scheme	—	12,063	—	—	—	—	—	—	—	12,063	—	12,063
At June 30, 2025 (Unaudited)	142,148	(219,820)	—	84,667	237,149	—	(116,251)	(16)	4,163,358	4,291,235	574,396	4,865,631

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
(Loss) profit before taxation	(232,370)	542,737
Adjustments for:		
Finance costs	4,601	9,113
Interest income	(15,993)	(10,749)
Gain on fair value changes of financial assets at FVTPL	(11,496)	(27,579)
Depreciation of property and equipment	28,395	25,992
Amortization of right-of-use assets	11,032	12,060
Amortization of intangible assets	12,578	11,475
Amortization of cemetery assets	35,813	40,043
Net (gain) loss on disposal of property and equipment and termination of leases, net	(8,065)	100
Net loss on disposal of cemetery assets	1,069	—
Share of loss (profit) of a joint venture	3,127	(2,339)
Share of profit of associates	(3,770)	—
Impairment losses recognised on property, plant and equipment, cemetery assets, intangible assets and goodwill	217,638	—
Impairment losses under expected credit loss model, net of reversal	2,684	14,323
Operating cash flows before movements in working capital	45,243	615,176
Increase in restricted deposits	(12,877)	(3,191)
Decrease (Increase) in cemetery assets and inventories	20,413	(13,510)
Payment for acquisition of leasehold land as cemetery assets	(6,725)	(16,646)
Increase in trade and other receivables	(9)	(4,082)
Increase (decrease) in trade and other payables	200,628	(86,449)
(Decrease) increase in contract liabilities	(7,988)	29,350
Cash generated from operations	238,685	520,648
Income taxes paid	(181,745)	(182,098)
NET CASH GENERATED FROM OPERATING ACTIVITIES	56,940	338,550

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

	For the six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
INVESTING ACTIVITIES		
Purchase of and deposits paid for property and equipment and landscape facilities	(69,958)	(24,353)
Prepayments and purchase of intangible assets	(2,239)	(2,383)
Payments for concession agreement	(400)	(380)
Proceeds on disposal of property and equipment	356	166
Payments on disposal of cemetery assets	(19)	—
Considerations paid for acquisition of subsidiaries	(476)	—
Interest received	11,956	7,625
Received gain from fair value changes of financial assets at FVTPL	11,645	19,378
Withdrawal of time deposits	110,085	86,331
Placement of time deposits	(92,029)	(184,220)
Purchase of financial assets at FVTPL	(112,200)	(399,200)
Withdrawal of financial assets at FVTPL	389,335	324,181
Payment on behalf of a non-controlling shareholder of a subsidiary	—	(524)
Disposal of subsidiaries	(14,745)	—
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	231,311	(173,379)
FINANCING ACTIVITIES		
Loan from non-controlling shareholders of a subsidiary	—	222
Interest paid	(394)	(197)
Dividends paid to non-controlling shareholders of subsidiaries	(116,059)	(50,501)
Dividends paid to owners of the Company	(561,367)	(142,194)
Repayments of leases liabilities	(13,400)	(14,759)
Repayments of other long-term liabilities	(4,405)	(2,959)
NET CASH USED IN FINANCING ACTIVITIES	(695,625)	(210,388)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(407,374)	(45,217)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,056,626	2,295,467
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by	1,649,252	2,250,250
Bank balances and cash	1,622,742	2,247,155
Bank balances and cash included in assets classified as held for sale	26,510	3,095
	1,649,252	2,250,250

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

1. GENERAL

Fu Shou Yuan International Group Limited (the “Company”) is a limited company incorporated on January 5, 2012 as an exempted company with limited liability in the Cayman Islands under the Companies Act of the Cayman Islands, and its shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since December 19, 2013. The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the provision of burial services, funeral services and other services.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) “Interim Financial Reporting” issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on historical cost basis except for investment property and certain financial instruments, which are measured at fair value.

Other than application of certain accounting policies which became relevant to the Group in the current interim period described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2024.

Non-current assets (and disposal groups) held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9, which continue to be measured in accordance with the accounting policies as set out below and in the Group’s annual consolidated financial statements for the year ended December 31, 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

3. PRINCIPAL ACCOUNTING POLICIES – *continued*

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board, for the first time, which are mandatory effective for the Group's annual period beginning on January 1, 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Geographical market		
Mainland China	610,850	1,099,991
Timing of revenue recognition		
A point in time	570,877	1,060,041
Over time	39,973	39,950
Total	610,850	1,099,991

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

4B. OPERATING SEGMENTS

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

Segment revenues and results

	Burial services RMB'000	Funeral services RMB'000	Other services RMB'000	Segment Total RMB'000	Eliminated RMB'000	Total RMB'000
<i>For the six months ended June 30,</i>						
<i>2025 (unaudited):</i>						
External sales	477,375	121,873	11,602	610,850	—	610,850
Inter-segment sales	—	—	3,026	3,026	(3,026)	—
Total	<u>477,375</u>	<u>121,873</u>	<u>14,628</u>	<u>613,876</u>	<u>(3,026)</u>	<u>610,850</u>
Segment loss	<u>(214,162)</u>	<u>(5,310)</u>	<u>(10,179)</u>	<u>(229,651)</u>	<u>402</u>	<u>(229,249)</u>
Other income, gains and losses						837
Share of loss of a joint venture						(3,127)
Share of profit of associates						3,770
Finance costs						<u>(4,601)</u>
Loss before taxation						<u>(232,370)</u>
<i>For the six months ended June 30,</i>						
<i>2024 (unaudited):</i>						
External sales	906,082	184,083	9,826	1,099,991	—	1,099,991
Inter-segment sales	—	—	5,233	5,233	(5,233)	—
Total	<u>906,082</u>	<u>184,083</u>	<u>15,059</u>	<u>1,105,224</u>	<u>(5,233)</u>	<u>1,099,991</u>
Segment profit (loss)	<u>492,814</u>	<u>25,840</u>	<u>(6,660)</u>	<u>511,994</u>	<u>243</u>	<u>512,237</u>
Other income, gains and losses						37,274
Share of profit of a joint venture						2,339
Finance costs						<u>(9,113)</u>
Profit before taxation						<u>542,737</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

4B. OPERATING SEGMENTS — *continued*

Geographical information

The following table sets forth a breakdown of the Group's revenue from burial services and funeral services by region:

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Shanghai	240,970	526,143
Liaoning	65,607	69,766
Anhui	63,662	87,739
Henan	33,165	68,805
Jiangxi	32,489	46,154
Jiangsu	32,059	52,524
Shandong	27,736	44,558
Zhejiang	22,632	25,354
Chongqing	20,330	37,787
Heilongjiang	17,995	42,568
Guizhou	14,667	23,604
Gansu	12,010	13,821
Inner Mongolia	6,761	9,332
Guangxi	6,584	8,980
Shaanxi	2,300	1,530
Hubei	281	814
Fujian	—	30,686
Total	599,248	1,090,165

5. FINANCE COSTS

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on:		
— Borrowings	—	5,500
— Loans from non-controlling shareholders of subsidiaries	400	400
— Lease liabilities	2,490	1,216
— Other long-term liabilities	1,711	1,997
Total	4,601	9,113

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

6. OTHER INCOME, GAINS AND LOSSES

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	15,993	10,749
Gain on fair value changes of financial assets at FVTPL	11,496	27,579
Government grants	4,425	2,692
Net foreign exchange loss	(11,152)	(2,506)
Management service income	701	580
Net loss on disposal of property and equipment and cemetery assets	(1,263)	(100)
Net gain on early termination of leases	8,259	—
Donation	(400)	(621)
Others	(27,222)	(1,099)
Total	837	37,274

7. (LOSS) PROFIT BEFORE TAXATION

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

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs, including remuneration of the directors of the Company (the “Directors”):		
Salaries, wages, bonus and other benefits	164,307	238,414
Retirement benefits scheme contributions	16,003	17,233
Total staff costs	180,310	255,647
Depreciation of property and equipment	28,395	25,992
Amortization of right-of-use assets	11,032	12,060
Amortization of intangible assets	12,578	11,475
Amortization of cemetery assets	35,813	40,043

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

8. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
Current period	52,612	162,288
Under provision in prior years	617	162
Deferred tax (Note 16)	(21,726)	17,152
	<u>31,503</u>	<u>179,602</u>

9. DISPOSAL OF SUBSIDIARIES

The Group entered into an agreement with the non-controlling shareholder of Xiamen Huaixiang Condolence Services Company Limited ("Xiamen Huaixiang"). Pursuant to the agreement, the non-controlling shareholder of Xiamen Huaixiang increased its proportion of shares from 10% to 51% by making capital injection to Xiamen Huaixiang, and accordingly obtained the control of it. As a result, the proportion of shares of the Group in Xiamen Huaixiang was diluted from 90% to 49%. The disposal was completed on January 1, 2025, on which date the Group lost control over Xiamen Huaixiang and its controlling subsidiary Ningde Huaixiang Funeral Services Co., Ltd. ("Ningde Huaixiang").

The net assets of Xiamen Huaixiang and Ningde Huaixiang at the date of disposal were as follows:

	RMB'000
	(Unaudited)
Fair value of the investment in an associate	6,244
Less: net assets disposed of	(8,693)
Plus: non-controlling interests disposed of	<u>2,449</u>
Gain on disposal	<u>—</u>
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	<u>(14,745)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

10. DIVIDENDS

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the period		
2024 Final — Hong Kong Dollar (“HK\$”) 9.54 cents (2024: 2023 final dividend — HK\$6.86 cents) per share	201,950	145,249
2025 Special Dividend — HK\$38.82 cents (2024 Special Dividend — HK\$21.39 cents)	818,447	454,884
	<u>1,020,397</u>	<u>600,133</u>

During the current interim period, a final dividend of HK\$9.54 cents per share in respect of the year ended December 31, 2024 (six months ended June 30, 2024: HK\$6.86 cents per share in respect of the year ended December 31, 2023) was declared and paid to owners of the Company. In addition, a special dividend of HK\$38.82 cents per share was declared, among which HK\$17.24 cents has been paid to owners of the Company (six months ended June 30, 2024: HK\$21.39 cents per share was declared). The aggregate amount of the dividend declared in the interim period amounted to approximately RMB1,020,397,000 (six months ended June 30, 2024: RMB600,133,000).

Subsequent to the end of the current interim period, the Directors have declared an interim dividend of HK\$7.00 cents per share (six months ended June 30, 2024: HK\$6.38 cents per share).

11. (LOSS) EARNINGS PER SHARE

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

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share (RMB'000)	<u>(261,411)</u>	<u>298,801</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>2,271,063,422</u>	<u>2,271,063,422</u>

No diluted earnings per share for the six months ended June 30, 2025 and 2024 as there were no potential ordinary shares in issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

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

During the period, the Group acquired property and equipment of approximately RMB45,609,000 (six months ended June 30, 2024: RMB24,781,000).

During the period, the Group disposed of property and equipment with carrying amount of approximately RMB550,000 (six months ended June 30, 2024: RMB266,000) for cash proceeds of approximately RMB356,000 (six months ended June 30, 2024: RMB166,000) resulting in losses of RMB194,000 on disposal (six months ended June 30, 2024: RMB100,000).

As at June 30, 2025, the formal title certificates for certain buildings of the Group with carrying value of approximately RMB83,640,000 (December 31, 2024: RMB86,681,000) had not been obtained.

During the period, the Group entered into several new lease agreements with lease terms ranged from 2 to 5 years (six months ended June 30, 2024: ranged from 2 to 10 years). The Group is required to make regular fixed payments to the lessors. Upon lease commencement, the Group recognised right-of-use assets of RMB4,832,000 (six months ended June 30, 2024: RMB17,683,000) and lease liabilities of RMB4,832,000 (six months ended June 30, 2024: RMB17,683,000).

During the period, the Group acquired intangible assets of approximately RMB10,831,000 (six months ended June 30, 2024: RMB8,082,000).

With the updated business environment and projection of operating cash flow of Wuyuan Wanshoushan Cemetery, Yanshan County Fushouyuan Funeral Service Co., Ltd. and Hubei Tiansheng Cemetery, the management of the Group concluded there was impairment indication and conducted impairment assessment. Based on the result of the assessment, the Group recognised impairment loss of RMB52,485,000 (six months ended June 30, 2024: Nil) related to property and equipment, cemetery assets and intangible assets during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

13. GOODWILL

For the purposes of impairment testing, goodwill has been allocated to each of the individual CGUs relating to 24 subsidiaries (2024: 24). The movements of goodwill for the period ended June 30, 2025 and the year ended December 31, 2024 are as follows:

	RMB'000
COST	
At December 31, 2024 and June 30, 2025	<u>1,129,049</u>
IMPAIRMENT	
At December 31, 2024	22,973
Impairment loss recognised in the period	<u>165,153</u>
At June 30, 2025	<u>188,126</u>
CARRYING VALUES	
At June 30, 2025	<u><u>940,923</u></u>
At December 31, 2024	<u><u>1,106,076</u></u>

During the current period, based on the evaluation of the updated business environment and projection of operating cash flow of Hubei Tiansheng Cemetery, Heze Fuluyuan Culture Cemetery Co., Ltd, Wuyuan Wanshoushan Lingyuan Co., Ltd. and Zhuolu Longhui Tianfu Yuanbaoshan Development Management Co., Ltd., the management conducted impairment assessment and recognised impairment losses of RMB13,560,000, RMB77,892,000, RMB36,107,000 and RMB37,594,000 in respect of the carrying amounts of related goodwill, respectively.

14. CEMETERY ASSETS

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Land costs	1,350,007	1,374,151
Landscape facilities	254,418	255,951
Development costs	397,776	401,444
Impairment loss recognised in profit or loss	<u>(80,104)</u>	<u>(36,137)</u>
	<u><u>1,922,097</u></u>	<u><u>1,995,409</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

15. INVESTMENT IN A JOINT VENTURE

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Xiaying Fuji Equity Investment Partnership (Limited Partnership)		
— Cost of investment in a joint venture	94,782	94,782
— Share of loss of a joint venture	(43,496)	(40,369)
	<u>51,286</u>	<u>54,413</u>

16. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised by the Group and movements thereon during the current and preceding interim periods:

	Withholding tax on undistributed profit from the PRC ^(note 1) RMB'000	Contract liabilities RMB'000	Tax losses RMB'000	Loss allowance RMB'000	Fair value Adjustment ^(note 2) RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Cemetery assets RMB'000	Total RMB'000
At January 1, 2024 (audited)	(87,357)	70,908	16,883	1,774	(126,770)	(11,796)	13,092	—	(123,266)
(Charge) credit to profit or loss	(22,709)	4,180	(73)	3,519	(1,170)	(1,899)	1,000	—	(17,152)
At June 30, 2024 (unaudited)	<u>(110,066)</u>	<u>75,088</u>	<u>16,810</u>	<u>5,293</u>	<u>(127,940)</u>	<u>(13,695)</u>	<u>14,092</u>	<u>—</u>	<u>(140,418)</u>
Included									
Liabilities associated with assets classified as held for sale	—	—	—	—	1,819	—	—	—	1,819
At January 1, 2025 (audited)	(30,087)	80,531	4,672	17,137	(118,799)	(30,489)	31,705	15,390	(29,940)
Credit (Charge) to profit or loss	12,120	(999)	5,104	671	7,465	3,442	(5,761)	(316)	21,726
At June 30, 2025 (unaudited)	<u>(17,967)</u>	<u>79,532</u>	<u>9,776</u>	<u>17,808</u>	<u>(111,334)</u>	<u>(27,047)</u>	<u>25,944</u>	<u>15,074</u>	<u>(8,214)</u>

Note 1: Such withholding tax has been accrued and will be paid out only when relevant profits are remitted from Mainland China subsidiaries to the Hong Kong company.

Note 2: Fair value adjustment mainly refers to fair value changes of financial assets at FVTPL and revaluation of property and equipment and cemetery assets upon the business combination arose from acquisition of subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

16. DEFERRED TAXATION – *continued*

For the purpose of presentation in the condensed consolidated statement of financial position, deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and tax bureau. The following is the analysis of the deferred tax balances for financial reporting purposes:

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Deferred tax assets	124,199	120,956
Deferred tax liabilities	(132,413)	(150,896)
	<u>(8,214)</u>	<u>(29,940)</u>

The deferred tax balances have reflected the tax rates that are expected to apply in the respective periods when the asset is realised or the liability is settled.

17. INVENTORIES

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Burial plots	441,247	450,015
Tombstone	80,508	86,983
Others	36,666	39,328
	<u>558,421</u>	<u>576,326</u>

As at June 30, 2025, inventories are net of a write-down of RMB32,322,000 (December 31, 2024: RMB32,875,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

18. TRADE AND OTHER RECEIVABLES

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Trade receivables	120,944	125,217
Less: Allowance for credit losses	(29,686)	(27,002)
	<u>91,258</u>	<u>98,215</u>
Prepayments and rental deposits on properties	4,117	3,849
Staff advances	624	465
Deposits for projects	9,823	6,618
Prepayments to suppliers	5,048	1,171
Interest receivables	360	195
Loans to third parties in connection with cemetery projects	12,192	12,192
Prepayment for acquisition of land	10,525	—
Others	11,703	11,818
	<u>145,650</u>	<u>134,523</u>
Less: Allowance for credit losses	(1,601)	(1,601)
Total trade and other receivables	<u>144,049</u>	<u>132,922</u>

Trade and other receivables of RMB270,000 as at June 30, 2025 have been classified as part of a disposal group held for sale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

18. TRADE AND OTHER RECEIVABLES — *continued*

The aged 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:

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Within one year	32,006	42,459
Over one year but less than two years	28,752	34,166
Over two years but less than three years	21,272	10,537
Over three years but less than four years	3,899	10,427
Over four years but less than five years	5,329	626
	<u>91,258</u>	<u>98,215</u>

For trade and other receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for customers with good credit rating and credit-impaired, and the remaining customers are estimated collectively by using a provision matrix estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forward looking information at the period end.

Movement of loss allowance on trade receivables for the period ended June 30, 2025:

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
At January 1, 2025 (Audited)	<u>895</u>	<u>26,107</u>	<u>27,002</u>
— Transfer to credit-impaired	(895)	895	—
— Credit losses recognised	—	2,868	2,868
— Credit losses reversed	—	(184)	(184)
At June 30, 2025 (Unaudited)	<u>—</u>	<u>29,686</u>	<u>29,686</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Unlisted cash management products	<u>311,892</u>	<u>589,176</u>

Unlisted cash management products

During the period, the Group entered into a number of cash management products as part of its treasury management.

Details of the cash management products as at June 30, 2025 are as follows:

Banks	Name of products (Note)	Currency	Amount RMB'000	Term/call date	Expected yield rate	Principal- guaranteed
Shanghai Pudong Development Bank	Tian Tian Li Pu Hui Plan (天添利普惠計劃)	RMB	2,505	Redeemable on call after 1 work day on work day	1.25%	N
Shanghai Pudong Development Bank	Tian Tian Li Pu Tian Tong Ying (天添利浦天同盈1號)	RMB	548	Redeemable on call after 1 work day on work day	1.28%	N
Subtotal		RMB	<u>3,053</u>			
Shanghai Rural Commercial Bank	Ji Ji Xin Li (公司款季季鑫利3個月定開)	RMB	35,147	Redeemable on call after 90 work days on work day	2.00%~2.80%	N
Shanghai Rural Commercial Bank	Su Yin Li Cai Qi Yuan Xian Jin (蘇銀理財啟源現金1號F)	RMB	70,034	Redeemable on call after 1 work day on work day	1.38%	N
Subtotal		RMB	<u>105,181</u>			
China Industrial Bank	Xing Yin Li Cai Tian Li Kuai Xian F (興銀理財添利快線F)	RMB	40,371	Redeemable on call after 1 work day on work day	1.87%	N
China Construction Bank	Heng Ying Fa Ren Ban (恒贏(法人版))	RMB	142,878	Redeemable on call after 1 work day on work day	1.44%	N
China Construction Bank	Jia Xin Gu Shou Lei An Ri (嘉鑫固收類按日)	RMB	20,409	Redeemable on call after 1 work day on work day	1.68%	N
Subtotal		RMB	<u>163,287</u>			
Total		RMB	<u>311,892</u>			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – *continued*

Unlisted cash management products – *continued*

Details of the cash management products as at December 31, 2024 are as follows:

Banks	Name of products (Note)	Currency	Amount RMB'000	Term/call date	Expected yield rate	Principal- guaranteed
Shanghai Pudong Development Bank	Tian Tian Li Pu Tian Tong Ying (天添利浦天同盈1號)	RMB	98,932	Redeemable on call after 1 work day on work day	1.38%	N
Shanghai Pudong Development Bank	Tian Tian Li Pu Hui Plan (天添利普惠計劃)	RMB	72,893	Redeemable on call after 1 work day on work day	1.81%	N
Subtotal		RMB	171,825			
Bank of Shanghai	Yi Jing Ling (易精靈)	RMB	51,835	Redeemable on call after 1 work day on work day	1.59%	N
Shanghai Rural Commercial Bank	Ji Ji Xin Li (公司款季季鑫利3個月定開)	RMB	35,000	Redeemable on call after 90 work days on work day	2.15%~2.95%	N
Shanghai Rural Commercial Bank	Xin Zeng Li (鑫增利19026期)	RMB	30,057	Redeemable on call after 180 work days on work day	2.25%~3.05%	N
Subtotal		RMB	65,057			
China Industrial Bank	Xing Yin Li Cai Tian Li Kuai Xian F (興銀理財添利快錢F)	RMB	140,600	Redeemable on call after 1 work day on work day	2.06%	N
China Construction Bank	Heng Ying Fa Ren Ban (恒贏(法人版))	RMB	139,601	Redeemable on call after 1 work day on work day	1.75%	N
China Construction Bank	Jia Xin Gu Shou Lei An Ri (嘉鑫固收類按日)	RMB	20,258	Redeemable on call after 1 work day on work day	1.79%	N
Subtotal		RMB	159,859			
Total		RMB	589,176			

Note: Investment portfolio of the products includes government debt instruments, treasury notes, corporate bonds and etc.

The cash management products have been accounted for as financial assets at FVTPL on initial recognition. In the opinion of the Directors, the fair value of cash management products at June 30, 2025 approximated their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

20. TIME DEPOSITS

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
— RMB	349,724	365,087
— US Dollar ("US\$")	32,100	30,921
	<u>381,824</u>	<u>396,008</u>
Analysed for reporting purposes as:		
Current assets	171,238	188,375
Non-current assets	210,586	207,633
	<u>381,824</u>	<u>396,008</u>

As at June 30, 2025, the Group had fixed-term deposits of RMB381,824,000 in banks with contractual maturity of three months to three years and fixed interest rate ranging from 1.15% to 4.13% per annum (December 31, 2024: fixed interest rate ranging from 1.60% to 4.43% per annum).

21. BANK BALANCES AND CASH

Bank balances of the Group denominated in RMB, HK\$, US\$ and Japanese Yen ("JPY") carry variable interest rate as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Interest rate per annum		
— RMB	0.05%–1.35%	0.10%–1.35%
— HK\$	0.01%–3.60%	0.01%–3.74%
— US\$	0.05%	0.05%
— JPY	0.0001%	—

The bank balances and cash that are denominated in currencies other than RMB are set out below:

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
HK\$	314,976	560,431
US\$	895	7,886
JPY	6,319	—
	<u>322,190</u>	<u>568,317</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

22. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In March 2025, Fu Shou Yuan Group (Hong Kong) Limited entered into an agreement with the non-controlling shareholder of VR Paradise Holdings Limited to dispose Fu Shou Yuan Group (Hong Kong) Limited's 11% equity interest for a consideration of HK\$3,300,000. As a result, Fu Shou Yuan Group (Hong Kong) Limited's equity interest in VR Paradise Holdings Limited will decrease from 60% to 49% and Fu Shou Yuan Group (Hong Kong) Limited will lose control in VR Paradise Holdings Limited. The assets and liabilities attributable to VR Paradise Holdings Limited, which are expected to be disposed within twelve months, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position.

The net proceeds of disposal exceed the net carrying amount of the disposal group and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of VR Paradise Holdings Limited classified as held for sale are as follows:

	June 30, 2025 RMB'000
Property and equipment	21
Trade and other receivables (Note 18)	270
Bank balances and cash	26,510
Total assets classified as held for sale	26,801
Trade and other payables	13
Total liabilities classified as held for sale	13

Cumulative amount of RMB16,000 relating to the disposal group classified as held for sale has been recognised in other comprehensive expense and included in equity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

23. TRADE AND OTHER PAYABLES

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Trade payables	300,124	319,760
Other payables comprise:		
Advances and deposits from customers	23,047	17,829
Salary, welfare and bonus payables	49,923	130,860
Other accrued expenses	34,443	25,721
Consideration payables for acquisition of subsidiaries	21,741	22,217
Others (Note)	435,396	151,177
	864,674	667,564

Note: Among the others, there was a tax provision for value-added tax, related surtax and overdue payments. The Group makes best estimation on the tax provision for value-added tax related to the burial and funeral services 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 and other relevant information that came to the knowledge of the management and its reliability. During the period, the Group accrued value-added tax as the deduction of current period's revenue for the present obligation as a result of providing burial and funeral services. The Group also accrued related surtax and overdue payments and charged the amount to current period's profit and loss under "other general operating expenditures".

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

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
0-90 days	59,808	75,060
91-180 days	22,948	22,450
181-365 days	33,762	48,263
Over 365 days	183,606	173,987
	300,124	319,760

The average credit period on purchases of goods is 181-365 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

24. SHARE CAPITAL

	Number of shares	Amount US\$
Authorised		
At January 1, 2024 (audited), June 30, 2024 (unaudited), January 1, 2025 (audited) and June 30, 2025 (unaudited)		
— Ordinary shares of US\$0.01 each	<u>20,000,000,000</u>	<u>200,000,000</u>
	Number of shares	Amount US\$
		Shown in the condensed consolidated financial statements as RMB'000
Issued and fully paid:		
At January 1, 2024 (audited), June 30, 2024 (unaudited), January 1, 2025 (audited) and June 30, 2025 (unaudited)	<u>2,319,863,422</u>	<u>23,198,634</u>
		<u>142,148</u>

All the shares issued by the Company ranked pari passu in all respects.

25. SHARE BASED COMPENSATION

Restricted Share Incentive Scheme

The Company has adopted a restricted share incentive scheme on November 29, 2019 to provide incentive or reward to eligible participants including the Directors and employees for their contribution or potential contribution to the Company. The Company entered into a trust deed with the Computershare Hong Kong Trustees Limited as the trustee for the administration of the scheme.

As at June 30, 2025, there were 48,800,000 (December 31, 2024:48,800,000) treasury shares held through the trustee of the restricted share incentive scheme, and no such shares have been granted during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following tables give information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	June 30, 2025 (unaudited)	December 31, 2024 (audited)		
Financial assets at FVTPL	Cash management products in PRC with fair value of RMB311,892,000	Cash management products in PRC with fair value of RMB589,176,000	Level 3	Discounted cash flows Key unobservable input are: (1) Expected return; (2) Risk-adjusted discount rate (Note)

Note: The Directors consider that the impact of the fluctuation in expected discount rate of the cash management products was insignificant as the cash management products have short maturities, and therefore no sensitivity analysis is presented.

There is no transfer among level 1, 2 and 3 during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – *continued*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis – *continued*

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at FVTPL RMB'000
At January 1, 2024 (audited)	776,501
Total gains in profit or loss	27,579
Purchase	399,200
Disposals/settlements	(312,698)
At June 30, 2024 (unaudited)	890,582
	Financial assets at FVTPL RMB'000
At January 1, 2025 (audited)	589,176
Total gains in profit or loss	11,496
Purchase	112,200
Disposals/settlements	(400,980)
At June 30, 2025 (unaudited)	311,892

Total gains for the period included in profit of RMB11,496,000 relates to financial assets at FVTPL held at the end of current reporting period (for the six-month ended June 30, 2024: a gain of RMB27,579,000). Fair value gains on financial assets at FVTPL are included in 'other income, gains and losses'.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

27. CONTINGENCIES AND COMMITMENTS

Capital and other commitments

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Acquisition of property and equipment and cemetery assets:		
— contracted for but not provided	51,358	48,209

28. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	For the six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Directors' fees	4,440	4,320
Other emoluments		
Discretionary bonus	—	1,000
Contributions to retirement benefits scheme	11	94
	4,451	5,414

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

DEFINITIONS AND GLOSSARY

“Alliance Rise”	Alliance Rise Limited, a limited liability company incorporated in Hong Kong on May 8, 2015, one of the Company’s Shareholders and a direct wholly-owned subsidiary of Zhongfu
“ASP”	average unit selling price
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Changchun Huaxia Cemetery”	a cemetery in Changchun City of Jilin Province and operated by Changchun Huaxia Cemetery Co., Ltd.* (長春華夏陵園有限公司), a limited company established under the laws of PRC
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “our Company” or “Fu Shou Yuan”	Fu Shou Yuan International Group Limited (福壽園國際集團有限公司), a limited liability company incorporated under the laws of the Cayman Islands on January 5, 2012
“Director(s)”	the director(s) of the Company
“EIT Law”	the Law of the PRC on Enterprise Income Tax
“FSG Holding”	FSG Holding Corporation, a company incorporated in BVI on December 6, 2011 and one of the Company’s Shareholders
“FSY Hong Kong”	Fu Shou Yuan Group (Hong Kong) Limited, a limited liability company incorporated in Hong Kong on October 10, 2011. It is a direct owned subsidiary of the Company
“Grand Fire”	Grand Fire Limited, a limited liability company incorporated in BVI on July 2, 2013, and wholly-owned by Mr. Lu Hesheng (陸鶴生), one of the non-executive Directors of the Company

DEFINITIONS AND GLOSSARY

“Group”, “our Group”, “us”, “we” or “Fu Shou Yuan Group”	the Company and its subsidiaries
“Heze Fuluyuan”	Heze Fuluyuan Cemetery Management Co., Ltd.* (菏澤福祿源公墓管理有限公司), a limited company established under the laws of the PRC and a non-wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hongfu”	Shanghai Hongfu Investment Development Co., Ltd.* (上海鴻福投資發展有限公司), a limited liability company established in the PRC on November 28, 2000 and owned as to 50% by NGO 1 and 50% by NGO 2, one of the Company’s Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“NGO 1”	Shanghai Zhongmin Elderly Affairs Development Service Centre* (上海中民老齡事業開發服務中心), a private non-enterprise unit (民辦非企業單位) established in the PRC on July 26, 2013 and administered by Shanghai Administration of Civil Affairs with an objective of furthering social welfare benefits, with an emphasis on facility developments, and one of the Company’s indirect Shareholders
“NGO 2”	Shanghai Zhongmin Elderly Affairs Consultancy Service Centre* (上海中民老齡事業諮詢服務中心), a private non-enterprise unit (民辦非企業單位) established in the PRC on July 26, 2013 and administered by Shanghai Qingpu Administration of Civil Affairs with an objective of furthering social welfare benefits, with an emphasis on advisory services, and one of the Company’s indirect Shareholders
“Peaceful Field”	Peaceful Field Limited, a limited liability company incorporated in BVI on July 2, 2013, and wholly-owned by Mr. Wang Jisheng (王計生), one of the executives Directors of the Company

DEFINITIONS AND GLOSSARY

“Perfect Score”	Perfect Score Group Limited, a limited liability company incorporated in BVI on June 18, 2015, one of the Company’s Shareholders and a direct wholly-owned subsidiary of Alliance Rise
“Period”	the six months ended June 30, 2025
“Restricted Share Incentive Scheme”	the restricted share incentive scheme adopted by the Company with effect from November 29, 2019
“Restricted Shares”	any share(s) that may be offered by the Company to any selected participant pursuant to the Restricted Share Incentive Scheme
“RMB”	Renminbi yuan, the lawful currency of the PRC
“same period of last year”	the six months ended June 30, 2024
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Shanghai Fu Shou Yuan”	a cemetery in Qingpu District of Shanghai and operated by Shanghai FSY Industry Group Co., Ltd.* (上海福壽園實業集團有限公司), formerly known as Shanghai FSY Industry Development Co., Ltd.* (上海福壽園實業發展有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company
“Share(s)”	ordinary share(s) with a nominal value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meters
“Stock Exchange” or “SEHK”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US dollar”	United States dollars, the lawful currency of the United States
“Wish and Catch”	Wish and Catch Limited, a limited liability company incorporated in BVI on June 28, 2013, wholly-owned by Mr. Bai Xiaojang (白曉江), the chairman and one of the executive Directors of the Company

DEFINITIONS AND GLOSSARY

“Yan’an Hongfu”	a cemetery in Yan’an of Shaanxi Province and operated by Yan’an Hongfu Cemetery Co., Ltd* (延安洪福公墓有限公司), a limited company established under the laws of the PRC and a subsidiary of the Company
“Zhongfu”	China Zhongfu Industrial Group Limited* (中國中福實業集團有限公司), a limited liability company established in the PRC on July 15, 1985 and directly wholly-owned by Hongfu, and one of the Company’s Shareholders
“%”	per cent.
*	Denotes English translation or transliteration of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.