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CHINA WAN TONG YUAN (HOLDINGS) LIMITED
中國萬桐園(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8199)

FIRST QUARTERLY ANNOUNCEMENT
2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of China Wan Tong Yuan (Holdings) Limited 中國萬桐園(控股)有限公司 (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and no misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on the bases and assumptions that are fair and reasonable.

This announcement will be available on the Company's website <http://www.lfwt.com> and will remain on the "Latest Company Announcements" page on GEM website at <http://www.hkgem.com> for least 7 days from the date of its posting.

The board of directors (the "Board") of the Company hereby presents the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2018 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2017 (the "Previous Period") as follows:

FINANCIAL HIGHLIGHTS

The unaudited revenue of the Group amounted to approximately RMB14,892,000 (three months ended 31 March 2017: RMB12,918,000) for the Period which represented an increase of RMB1,974,000 or 15.3% as compared with the Previous Period.

The profit attributable to owners of the Company was RMB11,548,000 (three months ended 31 March 2017: RMB6,713,000) for the Period, which represented an increase of RMB4,835,000 or 72.0% as compared with the Previous Period.

The Board does not recommend the payment of an interim dividend for the Period.

**CONDENSED CONSOLIDATED PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**

For the three months ended 31 March 2018

	<i>Notes</i>	Three months ended 31 March (Unaudited)	
		2018 RMB'000	2017 RMB'000
Revenue	3	14,892	12,918
Cost of sales and services		<u>(1,911)</u>	<u>(2,252)</u>
Gross profit		12,981	10,666
Other income		6,134	3,697
Other losses		(2,156)	—
Distribution and selling expenses		(1,487)	(1,011)
Administrative expenses		(1,190)	(1,045)
Initial public offering expenses		<u>—</u>	<u>(4,054)</u>
Profit before taxation		14,282	8,253
Income tax expense	4	<u>(2,734)</u>	<u>(1,540)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>11,548</u>	<u>6,713</u>
Earnings per share			
— Basic (RMB)	5	<u>0.012</u>	<u>0.009</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

For the three months ended 31 March 2018

	Attributable to owners of the Company					Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	
At 1 January 2017	32,000	—	2,315	—	20,833	55,148
Profit and total comprehensive income for the period	—	—	—	—	6,713	6,713
Transfer to reserves	—	—	738	—	(738)	—
Issue of share capital of the Company	1	—	—	—	—	1
Deemed distribution (note a)	(32,000)	—	—	(23,500)	—	(55,500)
At 31 March 2017	1	—	3,053	(23,500)	26,808	6,362
At 1 January 2018	66,192	—	4,043	1,309	16,883	88,427
Fair value gain on equity securities upon initial application of IFRS 9 (note b)	—	—	—	—	12,256	12,256
At 1 January 2018 (after adjustment)	66,192	—	4,043	1,309	29,139	100,683
Profit and total comprehensive income for the period	—	—	—	—	11,548	11,548
Transfer to reserves	—	—	1,429	—	(1,429)	—
At 31 March 2018	66,192	—	5,472	1,309	39,258	112,231

Notes:

- (a) During the three months ended 31 March 2017, as part of the reorganization, Langfang Wantongyuan Corporate Management Co., Ltd. (a subsidiary of the Company) entered into an acquisition agreement to acquire the entire equity interest in Langfang Wantong Cemetery Co., Ltd. (“Langfang Wantong”) from the original shareholders of Langfang Wantong for a cash consideration of RMB55,500,000 which was accounted for as a deemed distribution.
- (b) Upon initial application of IFRS 9, fair value gains related to equity securities, representing the differences between cost less impairment and fair value would be adjusted to retained earnings as at 1 January 2018 and deferred tax liabilities at 1 January 2018 would be increased with a corresponding deferred tax charged to retained earnings as at 1 January 2018.

NOTES:

1. CORPORATE INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Exchange. The registered office of the Company is 2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands. The Company's principal place of business in Hong Kong is 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investment holding company and the principal activities of the Group are engaged in the sale of burial plots, provision of other burial-related services and provision of cemetery maintenance services.

The unaudited condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousands except when otherwise indicated. The condensed consolidated financial statements for the three months ended 31 March 2018 (the "First Quarterly Financial Statements") are unaudited but were reviewed by the Audit Committee of the Company (the "Audit Committee") and approved for issue by the Board on 9 May 2018.

2. BASIS OF PREPARATION

The First Quarterly Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The First Quarterly Financial Statements do not include all the information required in annual financial statements in accordance with International Financial Reporting Standards (the "IFRSs") issued by International Accounting Standard Board (the "IASB"), and should be read in conjunction with the annual report for the year ended 31 December 2017 (the "2017 Annual Report").

The accounting policies and methods of computation adopted in the preparation of the First Quarterly Financial Statements are consistent with those followed in preparing the 2017 Annual Report. In addition, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The First Quarterly Financial Statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values.

The preparation of the First Quarterly Financial Statements in conformity with IFRSs requires the use of certain critical accounting estimates. The significant judgments, estimates and assumptions applied in the preparation of the First Quarterly Financial Statements are consistent with those used in 2017 Annual Report.

3. REVENUE

Revenue represents the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

	Three months ended 31 March (Unaudited)	
	2018 RMB'000	2017 RMB'000
Sales of burial plots and provision of other burial-related services	14,246	12,351
Provision of cemetery maintenance	<u>646</u>	<u>567</u>
	<u>14,892</u>	<u>12,918</u>

4. INCOME TAX EXPENSES

	Three months ended 31 March (Unaudited)	
	2018 RMB'000	2017 RMB'000
Current enterprises income tax	2,734	1,540
Deferred tax	<u>—</u>	<u>—</u>
	<u>2,734</u>	<u>1,540</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2017: 25%).

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits arising in Hong Kong during the Period. No provision for Hong Kong Profits Tax had been made in the First Quarterly Financial Statements as the Group’s subsidiaries had no assessable profit subject to Hong Kong Profits Tax.

5. EARNINGS PER SHARES

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

	Three months ended	
	31 March	
	(Unaudited)	
	2018	2017
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<u>11,548</u>	<u>6,713</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>1,000,000,000</u>	<u>750,000,000</u>

- (b) No diluted earnings per share for the three months ended 31 March 2018 and 2017 was presented as there were no potential ordinary shares in issue.

6. DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2018 (three months ended 31 March 2017: Nil).

7. EVENTS AFTER REPORTING PERIOD

There was no significant event took place subsequent to the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Period, the Group was principally engaged in the sale of burial plots, provision of other burial-related services and provision of cemetery maintenance services.

Sales of burial plots and provision of other burial-related services

Our burial service consists primarily of (1) the sale of burial plots, which includes the right to use the burial plots and headstones and ancillary products to be used on burial plots, and (2) ancillary services such as the organizing and conducting of interment rituals, the design, construction and landscaping of the burial plots, and the engraving of inscriptions and ceramic photographs on the headstones. Burial service is the largest component of our revenue, representing 95.7% of our revenue for the three months ended 31 March 2018 (2017: 95.6%). Our revenue from burial service, in particular, the sale of burial plots, for a given period is dependent upon the number and the average selling price of burial plots sold and recognized as revenue during the period.

Providing cemetery maintenance services

We provide ongoing cemetery maintenance services as an integral part of our burial service to maintain our beautiful landscaped cemetery. Customers pay for maintenance fees upfront when they sign the sales contracts to purchase the burial plots. Our revenue from cemetery maintenance was RMB646,000 for the three months ended 31 March 2018 (2017: RMB567,000).

Financial Review

Revenue

Our revenue was increased by 15.3% from RMB12.9 million for the three months ended 31 March 2017 to RMB14.9 million for the three months ended 31 March 2018, primarily driven by an increase in revenue from burial service. Our revenue from burial service increased by 15.3% from RMB12.4 million for the three months ended 31 March 2017 to RMB14.2 million for the three months ended 31 March 2018, primarily due to a sale of columbarium niches hall.

Cost of sales and services and Gross Profit

Our cost of sales and services decreased by 15.1% from RMB2.3 million for the three months ended 31 March 2017 to RMB1.9 million for the sales and services for burial service. Our cost of sales and services for burial service decreased by 10.8% from

RMB2.1 million for the three months ended 31 March 2017 to RMB1.9 million for the three months ended 31 March 2018, primarily due to an enhancement of service process standardization.

Our cost of sales and services for cemetery maintenance decreased significantly by 72.8% from RMB0.2 million for the three months ended 31 March 2017 to RMB0.04 million for the three months ended 31 March 2018, which is considered fairly stable in terms of absolute amount.

The Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 21.7% from RMB10.7 million for the three months ended 31 March 2017 to RMB13.0 million for the three months ended 31 March 2018. Our overall gross profit margin increased from 82.6% for the three months ended 31 March 2017 to 87.2% for the three months ended 31 March 2018.

Our gross profit for burial service increased by 20.7% from RMB10.3 million for the three months ended 31 March 2017 to RMB12.4 million for the three months ended 31 March 2018. The gross profit margin for burial service increased from 83.0% for the three months ended 31 March 2017 to 86.9% for the three months ended 31 March 2018, primarily due to a sale of columbarium niches hall.

The gross profit for cemetery maintenance was RMB0.4 million and RMB0.6 million for the three months ended 31 March 2017 and 2018, respectively. The gross profit margin for cemetery maintenance increased from 72.1% for the three months ended 31 March 2017 to 93.3% for the three months ended 31 March 2018, which is considered fairly stable in terms of absolute amount.

Other income

Our other income increased by 65.9% from RMB3.7 million for the three months ended 31 March 2017 to RMB6.1 million for the three months ended 31 March 2018. This increase was primarily due to an increase in dividends received from equity securities in the three months ended 31 March 2018.

Distribution and selling expenses

Our distribution and selling expenses increased by 47.1% from RMB1.0 million for the three months ended 31 March 2017 to RMB1.5 million for the three months ended 31 March 2018. This increase was primarily due to an increase in (1) commission paid to partnered funeral service providers and (2) salary and staff costs.

Administrative expenses

Our administrative expenses increased by 13.9% from RMB1.0 million for the three months ended 31 March 2017 to RMB1.2 million for the three months ended 31 March 2018. This increase was primarily due to (1) our business expansion and (2) an increase in salary and staff costs.

Initial public offering expenses

Our initial public offering expenses decreased from RMB4.1 million for the three months ended 31 March 2017 to nil for the three months ended 31 March 2018, primarily due to fees and expenses for involving the professional advisers in preparing for the listing in 2017.

Income tax expenses

Our income tax expense increased by 77.5% from RMB1.5 million for the three months ended 31 March 2017 to RMB2.7 million for the three months ended 31 March 2018, primarily due to a decrease in assessable profit resulting from the increase of initial public offering expenses in the Previous Period.

Profit and total comprehensive income for the period

As a result of the foregoing, our profit and total comprehensive income for the period increased by 72.0% from RMB6.7 million for the three months ended 31 March 2017 to RMB11.5 million for the three months ended 31 March 2018. Our net profit margin increased from 52.0% for the three months ended 31 March 2017 to 77.5% for the three months ended 31 March 2018, primarily due to the fees and expenses incurred from professional advisers in connection with the preparation of Listing in the three months ended 31 March 2017.

Prospects

As the Company will apply proceeds raised from the listing and our internal resources to implement our future expansion plan according to our business strategies, with the growth of (1) our newly developed business sector of funeral services and (2) our further developed and expanded burial service sector by pursuing strategic alliance and acquisition opportunities, our Directors believe that our business landscape will be more diversified and of much larger scale, which will enable us to adjust our development plans timely.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the listing date to 31 March 2018 is set out below:

Objects	Implementation plan up to 31 March 2018	Actual business progress up to 31 March 2018
Strengthening our market position in Langfang	Upgrading the main entrance area and western internal road of our cemetery	Upgrading for the greening appearance of main entrance of the cemetery is underway, while that of the main entrance and western internal road is completed
	Purchasing and upgrading our current facilities and machineries (such as waste incinerators and lawn mowers) for gardening and interment rituals	Having purchased the lawn mowers and watering cart; purchased and installed incinerators
	Commencing the development of the "Rose" Garden	Not developed yet
	Designing family graves	Family graves and other types of graves are designed
	Maintaining and expanding our cooperation with local funeral services providers and promoting our brand awareness with new advertisement boards	Having expanded our cooperation with local funeral services providers with three new advertisement boards in stores
	Polishing an artificial hill in the northern part of our cemetery	Planning in progress

Objects	Implementation plan up to 31 March 2018	Actual business progress up to 31 March 2018
	Designing tree burial and sea burial services	Design in progress
	Commencing the construction of family graves in crypt-style and hill-style	Having constructed the family graves in crypt-style and small courtyard-style
	Promoting our brand by cooperation with various communities	Promotion in progress
Expanding our business scope of providing funeral services	Locating, leasing, designing and decorating premises for the operation of funeral services	Planning to lease premises related to Langfang Funeral Home, cooperates with the funeral home in commencing related funeral services, and at the same time seeking for premises providing full range services for the funeral market in Langfang for the construction of Wantong Funeral Hall
	Commencing the business of our funeral services	Having completed the construction of funeral hall, and is currently improving the interment ritual services
	Purchasing funeral vehicles	Vehicles applications are pending approval
	Recruiting and training ten funeral services staff	Manager of the funeral service centre has taken up the post in March, and we are recruiting for the other staff

Objects	Implementation plan up to 31 March 2018	Actual business progress up to 31 March 2018
	Operating our funeral services center and conducting marketing activities through public media (such as local newspaper) about our funeral services	Conduct in progress
Exploring new burial market in the Jing-Jin-Ji megalopolis & pursuing strategic alliance and acquisition opportunities	Liaising and cooperating with more Beijing-based funeral services providers and mortuaries	The marketing director has taken up the post, and we have recruited a dedicated staff specialized in the market channel of Beijing. Active promotion is in progress to build sales and promotion system. We will recruit three additional staff dedicated to serve the funeral service distributors in the market channel of Beijing
	On-site promotion in Beijing	Four shops are confirmed to cooperate, and we are negotiating with various parties
	Preliminary site visiting and investigating several potential targets for acquisition, if there would be any suitable ones	Having conducted site visits to projects in various regions like Beijing, Tianjin, Hebei, etc. One to three projects are selected for further investigations
	Establishing our first Beijing-based store for marketing purpose	Temporarily not set up

Objects	Implementation plan up to 31 March 2018	Actual business progress up to 31 March 2018
	Conducting due diligence and entering into framework agreement with suitable acquisition target	Performed the preliminary site visiting and research for some potential acquisition opportunities and it is in a preliminary stage that no agreement has been entered yet

Use of Proceeds from the Global Offering

The net proceeds raised from the Global Offering of the Company were and will be used in the manner consistent with that set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

An analysis of the utilization of the net proceeds from the listing date up to 31 March 2018 is set out below:

	Proposed use of net proceeds as stated in the Prospectus up to 31 March 2018 RMB	Actual use of net proceeds up to 31 March 2018 RMB
Strengthening our market position in Langfang	8.1 million	3.8 million
Expanding our business scope of providing funeral services	6.0 million	0.07 million
Exploring new burial market in the Jing-Jin-Ji megalopolis & pursuing strategic alliance and acquisition opportunities	1.8 million	0.12 million

Foreign Exchange Exposure

The Group’s business is principally denominated in RMB. As certain bank deposits denominated in Hong Kong dollars, therefore, the Group is exposed to foreign currency exchange risk. No currency hedging arrangement has been made by the Group during the year. The Directors are actively and regularly monitoring the exposure to foreign exchange so as to minimize the foreign exchange rate risk.

Contingent Liabilities and Capital Commitment

As at 31 March 2018, the Group did not have any material contingent liabilities or capital commitment.

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION OF THE DIRECTORS AND THE CHIEF EXECUTIVES

As at 31 March 2018, the interests and short positions of each of the Directors and the chief executives and their associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of the Director	Capacity/nature of interests	Number and class of Securities	Percentage of Shareholding (note 3)
Ms. Zhao Ying (Note 2)	Founder of a discretionary trust who can influence how the trustee exercises its discretion	750,000,000 (L) (Note 1)	75% (Note 3)

Notes:

- (1) The letter “L” refers to the long position of the Shares of the Company.
- (2) Ms. Zhao Ying is the chairman and the non-executive director of the Company. She is the settlor, sole member of The Hope Trust’s protective committee and a beneficiary of The Hope Trust, which is a discretionary trust and TMF (Cayman) Ltd. is on the trusts of The Hope Trust. TMF (Cayman) Ltd. wholly owns the entire share capital of Lily Charm Holding Limited. Lily Charm Holding Limited wholly owns the entire issued share capital of Tai Shing International Investment Company Limited. Therefore, Ms. Zhao Ying is deemed to be interested in the 750,000,000 Shares directly held by Tai Shing International Investment Company Limited.
- (3) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at 31 March 2018.

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which would have to be notified to the Company and

the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2018, so far as was known to the Directors, the following persons/entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Name of Shareholder	Capacity/nature of interests	Number and class of Securities <i>(note 1)</i>	Percentage of Shareholding <i>(note 5)</i>
Tai Shing International Investment Company Limited	Beneficial owner <i>(Note 2)</i>	750,000,000 (L)	75%
Lily Charm Holding Limited	Interest in a controlled Corporation <i>(Notes 2, 3)</i>	750,000,000 (L)	75%
TMF (Cayman) Ltd.	Trustee <i>(Notes 2, 3, 4)</i>	750,000,000 (L)	75%

Notes:

- (1) The letter "L" refers to the entity/person's long position in the Shares.
- (2) Tai Shing International Investment Company Limited directly holds 750,000,000 Shares of the Company.
- (3) Lily Charm Holding Limited holds the entire of issued share capital of Tai Shing International Investment Company Limited, thus Lily Charm Holding Limited is deemed to be interested in the 750,000,000 Shares of the Company.
- (4) TMF (Cayman) Ltd. is the trustee of The Hope Trust, which is a discretionary trust set up by Ms. Zhao Ying, the chairman and non-executive Director of the Company. TMF (Cayman) Ltd. directly holds the entire issued share capital of Lily Charm Holding Limited. Therefore, TMF is deemed to be interested in 750,000,000 Shares of the Company.
- (5) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at 31 March 2018.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any other persons, except disclosed below under “Other persons’ interests and short positions in the Shares and underlying Shares of the Company” other than the Directors and the chief executive of the Company who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debenture of the Company and its associated corporations which would fall to be disclosed to the Company 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 pursuant to section 336 of the SFO; or who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2018, so far as was known to the Directors, the following persons/entities (not being Directors or chief executive or substantial shareholders of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company 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 pursuant to section 336 of the SFO:

Name of shareholders	Capacity/nature of interests	Number of Shares held (note 1)	Percentage of Shareholding (note 3)
Fairich Trading Limited	Beneficial owner	99,000,000 (L)	9.9%
Ms. Xing Junying	Interest in a controlled corporation (Note 2)	99,000,000 (L)	9.9%

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the Shares.
- (2) Fairich Trading Limited is directly wholly owned by Ms. Xing Junying.
- (3) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at 31 March 2018.

Save as disclosed above, as at 31 March 2018, the Directors are not aware of any other person or corporation other than the Directors, the chief executive and substantial shareholders of the Company who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debenture of the Company and its

associated corporations which would fall to be disclosed to the Company 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 pursuant to section 336 of the SFO.

PURCHASES, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

The Company's shares were listed on GEM on 27 September 2017. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the date of Listing and up to the date of this announcement.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING INTERESTS OR CONFLICT OF INTEREST

Ms. Zhao Ying, The Hope Trust, Lily Charm Holding Limited, Tai Shing International Investment Company Limited, individually and collectively as the controlling shareholder(s) (the "Controlling Shareholder(s)") (as defined under GEM Listing Rules) of the Company, has entered into the deed of non-competition dated 7 September 2017 (the "Deed of Non-competition") in favor of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, the Controlling Shareholders have irrevocably undertaken to the Company that they will not and will procure their respective close associate (except any member of the Group) not to, directly or indirectly (whether in the capacity of principal or agent, whether for its own benefit or jointly with or on behalf of any person, firm or company, whether within or outside China), commence, engage in, participate in or acquire any business which competes or may compete directly or indirectly with the core business of the Group, being burial service business and funeral services that the Group plans to expand into or own any rights or interests in such businesses.

Since the date of Listing and up to the date of this announcement, the Directors are not aware of any business or interest of the Directors, the Substantial Shareholders and their respective associates (as defined in the GEM Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

The Controlling Shareholders have confirmed to the Company that from the effective date of the Deed of the Non-competition and up to the date of this announcement, Ms. Zhao Ying, The Hope Trust, Lily Charm Holding Limited, Tai Shing International Investment Company Limited and their respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

COMPLIANCE ADVISER'S INTERESTS

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Innovax Capital Limited (“Innovax Capital”) as the compliance adviser of the Company. As informed by Innovax Capital, as at 31 March 2018, neither Innovax Capital, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) has or may have, any interests in the securities of the Company or any other companies of the Group pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Innovax Capital dated 28 March 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of the Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during the period from the date of listing up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Board recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve accountability. In the opinion of the Board, the Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules during the period from the date of Listing to 31 March 2018.

AUDIT COMMITTEE

The Company established the audit committee (the “Audit Committee”) with written terms of reference with Rules 5.28 to 5.29 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, making recommendations to the Board on the appointment and removal of external auditors, reviewing the financial information and disclosures, to oversee the audit process, to develop and review the policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of three independent non-executive Directors, namely Dr. Wong Wing Kuen Albert, Mr. Cheung Ying Kwan and Mr. Choi Hon Keung Simon. Dr. Wong Wing Kuen Albert is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period, which is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 9 May 2018

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