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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CHINA WAN TONG YUAN (HOLDINGS) LIMITED**, you should at once hand this circular to the purchaser or the transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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萬桐園

CHINA WAN TONG YUAN (HOLDINGS) LIMITED

中國萬桐園(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8199)

**MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF SHARES OF
A COMPANY**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 10 of this circular.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at <http://www.lfwt.com>.

24 September 2018

CHARACTERISTICS OF GEM

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 Stock Exchange. 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.

Given 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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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 24 August 2018 in relation to the Disposal
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday in Hong Kong or the PRC and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which commercial banks are open for business in Hong Kong and in the PRC
“Company”	China Wan Tong Yuan (Holdings) Limited (Stock code: 8199) company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Disposal
“Completion Date”	the twentieth business days after the signing of the SPA
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration in the sum of RMB76,000,000 for the Disposal under the SPA
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the SPA
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons (as defined under the GEM Listing Rules)
“Interim Report”	interim report of the Company for the six months ended 30 June 2018
“Jing-Jin-Ji”	Beijing, Tianjin and Hebei of the PRC
“Latest Practicable Date”	21 September 2018, being the latest practicable date before the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Date”	27 September 2017, being the listing date of the Company
“PRC”	the People’s Republic of China which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 14 September 2017
“Purchaser”	Langfang City Huanmei Landscaping Engineering Co., Ltd (廊坊市環美園林工程有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	33,150,000 shares in the Target Company, representing 5.78% of the total registered capital of the Target Company
“Share(s)”	ordinary share(s) of par value US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the conditional sale and purchase agreement dated 24 August 2018 and entered into by the Vendor and the Purchaser in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tai Shing”	Tai Shing International Investment Company Limited (泰盛國際投資有限公司), a limited liability company established in the British Virgin Islands and the controlling shareholder of the Company, holding 75,000,000 Shares, representing 75% of the issued share capital of the Company

DEFINITIONS

“Target Company”	Suburban Rural Credit Cooperatives of Langfang City* (廊坊市城郊農村信用合作聯社), a rural credit cooperatives union established in the PRC, which is owned as to 5.78% by the Vendor immediately before Completion
“US\$”	United States of America dollars, the lawful currency of the United States of America
“Vendor”	Langfang Wantong Cemetery Co., Ltd. (廊坊市萬桐公墓有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* *For identification purposes only*



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中國萬桐園(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8199)

Non-Executive Directors:

Ms. Zhao Ying (*Chairman*)

Executive Directors:

Ms. Li Xingying

Mr. Huang Guangming

Independent non-executive Directors:

Mr. Cheung Ying Kwan

Dr. Wong Wing Kuen Albert

Mr. Choi Hon Keung Simon

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business in Hong Kong:*

36/F., Tower Two, Times Square

1 Matheson Street,

Causeway Bay

Hong Kong

24 September 2018

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF SHARES OF
A COMPANY**

INTRODUCTION

Reference is made to the Announcement that on 24 August 2018 (after trading hours of the Stock Exchange), the Vendor (an indirectly wholly-owned subsidiary of the Company) and the Purchaser entered into the SPA, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares at the total Consideration of RMB76,000,000. The Sale Shares represent 5.78% of the total registered capital of the Target Company.

LETTER FROM THE BOARD

As more than one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceed 25% but all applicable percentage ratios are below 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Tai Shing, the controlling Shareholder, holds 750,000,000 Shares, representing 75% of the issued share capital of the Company, as at the date of this circular. No Shareholders have any material interest in the Disposal and are required to abstain from voting if the Company were to convene a general meeting for approving the Disposal. Pursuant to Rule 19.44 of the GEM Listing Rules, Tai Shing has issued a written shareholder's approval certificate to approve the Disposal and accordingly, no extraordinary general meeting will be convened by the Company to approve the Disposal.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the SPA and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Disposal.

This circular contains details of the SPA and the Disposal and other information as required to be disclosed under the GEM Listing Rules.

THE SPA

Date

24 August 2018 (after trading hours)

Parties

- (i) Vendor
- (ii) Purchaser

The Purchaser is a company incorporated in the PRC and is principally engaged in the field of landscaping design, horticultural work, and maintenance work. As at date of this circular, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares. The Sale Shares, being 33,150,000 shares in the capital of the Target Company, represent 5.78% of the total registered capital of the Target Company.

LETTER FROM THE BOARD

Consideration

Pursuant to the terms of the SPA, the Consideration for the Sale Shares is RMB76,000,000, which will be satisfied by the Purchaser to the Vendor by cash in the following manner:

1. RMB38,000,000 has been paid by the Purchaser to the Vendor on the Completion Date; and
2. RMB38,000,000, being the balance of the Consideration, shall be paid by the Purchaser to the Vendor before 31 December 2018.

The Consideration was arrived at based on normal commercial terms after arm's length negotiation between the parties and was determined with reference to, among others, (i) the audited net asset value of the Sale Shares as at 31 December 2017 in the amount of approximately RMB85,800,000, (ii) the fair value of the Sale Shares, in the amount of approximately RMB64,870,000 as at 30 June 2018 based on the market method after considering the Target Company's financial performance and the multiples of comparable companies; and (iii) the reasons for and benefits of the Disposal as stated under the section headed "The Reasons for and benefits of the Disposal" in this circular.

The fair value of the Sale Shares, in the amount of approximately RMB64,870,000 as at 30 June 2018 was arrived at based on market method by comparing the P/B ratio (the market price/book value ratio) of similar financial institutions (comparable to the Target Company in the business sector of providing general banking services), and then take the median of the P/B ratios of these financial institutions in estimating the fair value of the Sale Shares with the input of discount for lack of marketability (the "Estimation"). The Estimation was prepared by the Company.

In view of the above, the Directors consider that the Consideration is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon and subject to the fulfilment and satisfaction of the following conditions precedent:

- (i) the Vendor has submitted the transfer application to the Target Company;
- (ii) the Purchaser has submitted the voluntary application to be a shareholder to the Target Company;
- (iii) all the representations, undertakings and warranties given by the Vendor and the Purchaser under the SPA are and shall remain true, accurate, correct and complete and not misleading in all material respects up to the Completion;
- (iv) the Vendor and the Purchaser have obtained the Target Company's consent in connection with the transactions contemplated under the SPA; and

LETTER FROM THE BOARD

- (v) the Shareholders have approved the SPA and the transactions contemplated thereunder at a general meeting or by way of written majority shareholder's approval in accordance with the GEM Listing Rules.

As of the Latest Practicable Date, all the aforesaid conditions precedent have been fulfilled or waived by the Purchaser (where applicable) in accordance with the terms and conditions of the SPA.

Completion

Completion of the Disposal took place on the Completion Date in accordance with the terms and conditions of the SPA.

Immediately before the Completion, the Group owned 5.78% of the equity interests in the Target Company. Immediately after the Completion, the Group ceased to hold any interest in the Target Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a rural credit cooperatives union established in the PRC and is principally engaged in providing general banking services in Langfang City, Hebei Province, the PRC, including deposit, loan, inter-banks transfer services.

Set out below is a summary of the audited consolidated financial information of the Target Company for the two years ended 31 December 2017, which was prepared in accordance with PRC accounting standard:

	For the year ended 31 December 2016	For the year ended 31 December 2017
	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)
Profit before taxation	125,116,000	316,756,000
Profit after taxation	116,896,000	300,264,000

According to the audited consolidated statement of financial information of the Target Company, the audited consolidated net asset value of the Target Company was approximately RMB1,484,849,000 as at 31 December 2017.

The consolidated financial statements of the Target Company were audited by a certified public accountants' firm in Cangzhou City, Hebei Province. Since there are no significant differences between the accounting standards adopted by the Company in preparing its consolidated financial statements (i.e. International Financial Reporting Standards ("IFRS")) and the PRC accounting standards applied by the Target Company in preparing its consolidated financial statements, based on the audited consolidated financial statements of the Target Company, no significant impact on the consolidated financial statements of the Target Company is expected if they are prepared in accordance with IFRS.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES

The Group is principally engaged in the sales of burial plots, provision of other burial related services and cemetery maintenance services.

The Vendor is a company established in the PRC with limited liability and is principally engaged in the sales of burial plots, provision of other burial-related services and cemetery maintenance services.

The Purchaser is a company established in the PRC with limited liability and is principally engaged in the field of landscaping design, horticultural works, and gardening maintenance works.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is ultimately owned as to 80% by Li Ying Chao (李英超) and 20% by Wang Jin Fang (王金舫), who are the ultimate beneficial owners of the Purchaser. Each of the Purchaser and its ultimate beneficial owners are Independent Third Parties. There is no other relationship between (a) the Purchaser and its ultimate beneficial owners and (b) the Company and its connected persons. The Purchaser is a previous business acquaintance of the Group. Currently there are no business transactions between the Group and the Purchaser (and/or its 2 beneficial owners of the Purchaser).

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Immediately before the Completion, the Group owned 5.78% of the equity interests in the Target Company. Immediately after the Completion, the Group ceased to hold any interest in the Target Company.

The Directors expect to recognise an unaudited gain on fair value changes of approximately RMB11,130,000 from the Disposal after taking into account of (i) the latest valuation as at 30 June 2018 according to Interim Report; (ii) the Consideration payable by the Purchaser in connection with the Disposal; and (iii) related transaction expenses payable by the Group in connection with the Disposal. Shareholders should note that the actual amount of gain/loss on the Disposal to be recorded by the Company will be subject to review by the auditors of the Company.

The Group currently intends to use (i) around 70% of the net proceeds from the Disposal for future potential acquisitions or investments of the Group; and (ii) around 30% of the net proceeds from the Disposal for the general working capital of the Group.

While the Group's strategy is to leverage its strategic location in Langfang and the market in the Jing-Jin-Ji megalopolis, the Group is actively seeking acquisition opportunities to acquire equity interests in cemetery operators and/or cemetery facilities in the Greater China Region, which can diversify the business of the Group geographically. Currently the Group has not yet identified any specific acquisition or investment target.

LETTER FROM THE BOARD

THE REASONS FOR AND BENEFITS OF THE DISPOSAL

The Sale Shares are non-core business assets of the Group. The Company has been considering various potential business and development opportunities to implement its future expansion plan according to its business strategies. Therefore, when the Company was approached by the Purchaser which showed in interest acquiring the Sale Shares, the Directors consider that the Disposal is a good opportunity for the Vendor to realise a considerable gain in its investment and generate cash inflow, which will enable the Group to diversify and explore other business prospects and investment opportunities.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are normal commercial terms and are fair and reasonable, which have been arrived at after arm's length negotiations and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceed 25% but all applicable percentage ratios are below 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Tai Shing, the controlling Shareholder, holds 750,000,000 Shares, representing 75% of the issued share capital of the Company, as at the Latest Practicable Date. No Shareholders have any material interest in the Disposal and are required to abstain from voting if the Company were to convene a general meeting for approving the Disposal. Pursuant to Rule 19.44 of the GEM Listing Rules, Tai Shing has issued a written shareholder's approval certificate to approve the Disposal and accordingly, no extraordinary general meeting will be convened by the Company to approve the Disposal. This circular will therefore be sent to the Shareholders for their information only.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the SPA and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Disposal.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are normal commercial terms and are fair and reasonable, which have been arrived at after arm's length negotiations and are in the interests of the Company and the Shareholders as a whole. Hence, the Board recommends the Shareholders to vote in favour of the resolutions to approve the Disposal if voting action of the Shareholders would have been required.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL SUMMARY OF THE GROUP

The financial information of the Group for (i) the six months ended 30 June 2018 is disclosed in the interim report of the Company for the six months ended 30 June 2018 (see pages 4 to 49); (ii) the three months ended 31 March 2018 is disclosed in the first quarterly report of the Company for the three months ended 31 March 2018 (see pages 5 to 14); (iii) the year ended 31 December 2017 is disclosed in the annual report of the Company for the year ended 31 December 2017 (see pages 54 to 66); (iv) the year ended 31 December 2016 and the year ended 31 December 2015 are disclosed in the accountants' report in the Prospectus of the Company for its listing on the GEM board of the Stock Exchange by way of global offering (see pages I-1 to I-52), all of which have been published on the GEM website of the Stock Exchange (www.hkgem.com) and the website of the Company (<http://www.lfwtty.com>).

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group aspires to strengthen its market position in Langfang City, Hebei Province, the PRC and expand its business in the Jing-Jin-Ji megalopolis and beyond through the following strategies.

Strengthen market position in Langfang

The Group plans to strengthen its market position in Langfang by further developing the undeveloped area within its cemetery, upgrading its facilities, diversifying its burial-related services, and enhancing the Group's marketing efforts, such as further developing the undeveloped area, upgrading its facilities, diversifying the Group's burial-related services as well as enhance its marketing efforts.

Expand business scope to provide funeral services

The Group generated substantially all of our revenues from burial services during the current and prior years. The Group has forged stable business relationship with a number of local funeral services providers which refer customers to it. The Company believes, however, that one-stop-shop services that integrate funeral and burial services are able to confer a significant competitive advantage, as bereaved families generally prefer dealing with fewer service providers to ensure a seamless and smooth experience at each stage of the process.

Tap further into the burial services market in the Jing-Jin- Ji megalopolis

Leveraging its strategic location in Langfang and proximity to regional hubs in the Jing-Jin-Ji megalopolis, the Company plans to tap further into the burial services market in this region, especially in Beijing, where affordable burial sites have become increasingly sparse and local residents become increasingly mobile with the construction of a web of high-speed intercity transportation infrastructure. The Group plans to devote more marketing resources to serving the neighboring cities and develop further cooperation with local funeral service providers as its business partners.

Pursue strategic alliance and acquisition opportunities

The Group has built its business so far primarily through organic growth. Going forward, the Group intends to selectively acquire, invest in or enter into strategic partnerships with other death care services providers, including funeral service providers and cemetery operators. The Group bases its selection criteria on, among other things, brand name, location, land cost, land reserves and profitability. The Group generally favors cemeteries located in wealthy and densely populated provinces, where there is a higher demand for death care services in high quality. In particular, the Group seeks to prioritize business expansion opportunities with death care services providers in the Jing-Jin-Ji megalopolis and bring synergy to its current operations.

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

3. STATEMENT OF INDEBTEDNESS

As of 31 July 2018, being the latest practicable date for purpose of this indebtedness statement, the Group did not have any loan capital or debt securities issued or agreed to be issued, outstanding bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits, unutilized banking facilities, finance leases or hire purchase commitments or guarantees or material contingent liabilities.

4. WORKING CAPITAL

Taking into account the financial resources available to us, including our current cash and cash equivalents, the expected cash generated from our operations and the estimated net proceeds from the Disposal, our directors are of the opinion that we have sufficient working capital for our present requirements for at least the next 12 months from the date of this circular.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company 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), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions

Name	Capacity	Number of Shares or underlying Shares held	Approximate percentage of total number of issued Shares of the Company
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:

- The letter "L" denotes long position of the Shares of the Company.
- Ms. Zhao Ying is the chairman and 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 the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Substantial shareholders' and other person's interests and short positions in shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors and the chief executives of the Company, no person (other than a Director or a chief executive of the Company) has an interest or short position in the Shares or underlying Shares of the Company which will fall to be disclosed to the Company under the provisions of Part XV of the SFO and no person (other than the Directors or chief executives of the Company), has an interest or short position in the Shares or underlying Shares, who is expected, directly or indirectly, to be 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 any other member of the Group or has any options in respect of such capital.

Long positions

Name	Capacity	Number of Shares or underlying Shares held (Note 1)	Approximate percentage of total number of issued Shares of the Company (Note 6)
Tai Shing International Investment Company Limited	Beneficial owner (Note 2)	750,000,000 (L)	75%
Lily Charm Holding Limited	Interest in a controlled Corporation (Notes 2, 3)	750,000,000 (L)	75%
TMF (Cayman) Ltd.	Trustee (Notes 2, 3, 4)	750,000,000 (L)	75%
Fairich Trading Limited	Beneficial owner	99,000,000 (L)	9.9%
Ms. Xing Junying	Interest in a controlled corporation (Note 5)	99,000,000 (L)	9.9%

Notes:

1. The letter “L” denotes 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. Fairich Trading Limited is directly wholly owned by Ms. Xing Junying.
6. The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at the Latest Practicable Date.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date:

- (i) Each of Ms. Li Xingying and Mr. Huang Guangming, being the executive Director, has entered into a service contract with our Company for a term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service contract);
- (ii) Ms. Zhao Ying, being the non-executive Director, was appointed by a letter of appointment dated March 21, 2017, pursuant to which she has agreed to act as a non-executive Director and continue such appointment for a period of three years from the Listing Date, subject to certain termination provisions, including retirement by rotation as required by the Articles of Association and the GEM Listing Rules and termination by either party giving at least three months’ written notice; and
- (iii) Each of Mr. Cheung Ying Kwan, Dr. Wong Wing Kuen Albert and Mr. Choi Hon Keung Simon, being the independent non-executive Directors, has entered into a letter of appointment on September 7, 2017 agreeing to act as independent non-executive Directors and continue such appointment for a period of three years from the Listing Date, subject to certain termination provisions including retirement by rotation as required by the Articles of Association and the GEM Listing Rules and termination by not less than three months’ notice in writing served by our independent non-executive Director or our Company.

Save as disclosed above, as at the Latest Practicable Date, none of our Directors has or is proposed to have a service agreement with any member with our Company (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation).

4. COMPETING BUSINESS

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), has entered into the deed of non-competition dated 7 September 2017 (the “**Deed of Non-competition**”) in favour 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.

As at the Latest Practicable Date, the Directors are not aware of any business or interest of the Directors, the Controlling 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 Latest Practicable Date, 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.

5. INTEREST OF COMPLIANCE ADVISOR

As at the Latest Practicable Date, as notified by the Company’s compliance advisor, Innovax Capital Limited (the “**Compliance Advisor**”), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated 28 March 2017, neither the Compliance Advisor nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

6. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date:

- (i) none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017 (being the date to which the latest published audited accounts of the Group were made up); and
- (ii) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date which are or may be material:

- (a) a deed of non-competition dated 7 September 2017 and entered into among Zhao Ying, TMF (Cayman) Ltd. as the trustee of The Hope Trust, Lily Charm Holding Limited, Tai Shing International Investment Company Limited and our Company regarding non-competition undertakings in favour of our Company, details of which are set out in the section headed "Relationship with Controlling Shareholders" in the Prospectus;
- (b) a deed of indemnity dated 7 September 2017 and entered into among Zhao Ying, Lily Charm Holding Limited, Tai Shing International Investment Company Limited, TMF (Cayman) Ltd. as the trustee of The Hope Trust and our Company regarding certain indemnities in favour of our Company, details of which are set out in the paragraph headed "D. Other Information — 13. Estate duty and indemnities" in the Prospectus;

- (c) a cornerstone investment agreement dated 7 September 2017 and entered into among the Company, Fairich Trading Limited (“**Fairich**”), Ms. Xing Junying and Innovax Securities Limited, pursuant to which Fairich agreed to subscribe for and the Company agreed to allot and issue 99,000,000 Shares at the offer price of HK\$0.28 per Share;
- (d) the Underwriting Agreements as defined and referred to in the Prospectus; and
- (e) the SPA.

9. MISCELLANEOUS

- (a) 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.
- (b) The principal place of business of the Company in Hong Kong is at 36/F., Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong.
- (c) The principal share registrar and transfer office of the Company is TMF (Cayman) Ltd., the address of which is 2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands. The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, the address of which is Shops 1712–1716, 17/F, 7/F Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Mr. Lam Koon Fai, who has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants since January 2005.
- (e) The compliance officer of the Company is Mr. Huang Guangming, an executive Director.
- (f) The Company has established an audit committee, comprising of three independent non-executive Directors, namely Dr. Wong Wing Kuen Albert (Chairman of the audit committee), Mr. Cheung Ying Kwan and Mr. Choi Hon Keung Simon, in compliance with the GEM Listing Rules. The primary role and function of the audit committee of the Company are to oversee the relationship with the external auditors, to review the Group’s preliminary quarterly results, interim results and annual financial statements and to monitor compliance with statutory and listing requirements, to engage independent legal or other advisers

as it determines is necessary and to perform any investigations. The background, directorship and past directorship (if any) of each of the members of audit committee of the Board are set out below:

Dr. WONG Wing Kuen, Albert (“**Dr. Wong**”), aged 66, was appointed as an independent non-executive Director, the chairman of audit committee and the chairman of remuneration committee in September, 2017. Dr. Wong has approximately 23 years of experience in accounting. Dr. Wong has a broad range of experience serving as directors of various listed companies, including as an independent non-executive director of China VAST Industrial Urban Development Company Limited (中國宏泰產業市鎮發展有限公司) (a company listed on the Stock Exchange with stock code 6166) since August 2014, an independent non-executive director of APAC Resources Limited (亞太資源有限公司) (a company listed on the Stock Exchange with stock code 1104) since July 2004, an independent non-executive director of Solargiga Energy Holdings Limited (陽光能源控股有限公司) (a company listed on the Stock Exchange with stock code 757) since January 2008, an independent non-executive director of China Merchants Land Limited (招商局置地有限公司) (a company listed on the Stock Exchange with stock code 978) since June 2012, an independent non-executive director of Capital Finance Holdings Limited (首都金融控股有限公司) (a company listed on the Stock Exchange with stock code 8239) since 1st January, 2018, a principal consultant of KND & Co. CPA Limited 冠達會計師事務所有限公司) since April 1994 to 31st December, 2017. Dr. Wong was appointed a principal consultant of KND Associates CPA Limited, Hong Kong 冠泓會計師行有限公司) since 2nd January, 2018.

Dr. Wong received a degree of Doctor of Philosophy in Business Administration from the Bulacan State University, Republic of the Philippines in December 2010. Dr. Wong is member of the following institutions, including: a fellow member of The Institute of Chartered Secretaries and Administrators; a fellow member of The Hong Kong Institute of Chartered Secretaries; a fellow member of The Taxation Institute of Hong Kong; a member of the Hong Kong Securities and Investment Institute; a fellow member of Association of International Accountants; a fellow member of Society of Registered Financial Planners; a member of The Chartered Institute of Arbitrators; an associate member of The Chartered Institute of Bankers in Scotland; and a full member of Macau Society of Certified Practicing Accountants.

Mr. CHEUNG Ying Kwan (“**Mr. Cheung**”), aged 58, was appointed as an independent non-executive Director in September, 2017. Mr. Cheung has more than 20 years of experience in finance and accounting. Mr. Cheung has been the company secretary of China Mental Resources Utilization Limited (中國金屬資源利用有限公司) from March 2013, (a company listed on the Stock Exchange with stock code 1636) since February 2014. Mr. Cheung served as the financial controller of Gushan Environmental Energy Limited (古杉環保能源有限公司) from March 2006 to August 2013 and the qualified accountant and company secretary of Goldigit Atom-tech Holdings Limited (金澤超分子科技控股有限公司)

(currently known as Jinchuan Group International Resources Co. Ltd (金川集團國際資源有限公司)), (a company listed on the Stock Exchange with stock code 2362) from April 2001 to March 2006. Mr. Cheung has been an independent non-executive director of the following companies listed on the Stock Exchange, including Tian Shan Development (Holding) Limited (天山發展(控股)有限公司) (a company listed on the Stock Exchange with stock code 2118) since June 2010, Beijing Chunlizhengda Medical Instruments Co., Ltd (北京市春立正達醫療器械股份有限公司) (a company listed on the Stock Exchange with stock code 1858) from March 2015 to March 2018, Gold-Finance Holdings Limited (金誠控股有限公司) (a company listed on the Stock Exchange with stock code 1462) since February 2016, ZACD Group Ltd (a company listed on the Stock Exchange with stock code 8313) since December 2017. Mr. Cheung has been a fellow member of the Association of Chartered Certified Accountants since November 2000 and an associate member of the Hong Kong Institute of Certified Public Accountants since April 1995. Mr. Cheung obtained a diploma in Fabric Manufacturing from The Hong Kong Polytechnic University in September 1981.

Mr. CHOI Hon Keung, Simon (“**Mr. Choi**”), aged 57, was appointed as an independent non-executive director in September, 2017. Mr. Choi has more than six years of experience in corporate governance. Mr. Choi served as an independent non-executive director of Kenford Group Holdings Limited (建福集團控股有限公司) (a company listed on the Stock Exchange with stock code 0464) from August 2011 to September 2017, and an independent non-executive director of Boyaa Interactive International Limited (博雅互動國際有限公司) (a company listed on the Stock Exchange with stock code 0434) since October 2013. Mr. Choi obtained a bachelor’s degree in Laws from Peking University (北京大學) in 1991 and a master’s degree in Laws from The University of London in 1992. Mr. Choi received his Common Professional Examination Certificate in Laws and Postgraduate Certificate in Laws from the University of Hong Kong in June 1994 and September 1995, respectively. Mr. Choi was admitted as a solicitor in Hong Kong and the UK in November 1997 and June 1998, respectively.

- (g) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text unless otherwise specified.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. (except Saturdays and public holidays) at the principal place of business of the Company in Hong Kong at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, from the date of this circular up to and including 16 October 2018:

- (a) the memorandum and articles of association of the Company;

- (b) the audited consolidated financial statements of the Group for the year ended 31 December 2016 and the annual report of the Company for the financial year ended 31 December 2017;
- (c) the material contracts referred to under the paragraph headed “Material Contracts” in this appendix;
- (d) the Directors’ service contracts referred to in the section headed “Directors’ Service Contracts in this appendix; and
- (e) this circular.