

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# 萬桐園

## CHINA WAN TONG YUAN (HOLDINGS) LIMITED

中國萬桐園(控股)有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6966)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (“Board”) of directors (“Directors”) of China Wan Tong Yuan (Holdings) Limited (the “Company”) hereby presents the consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

#### FINANCIAL HIGHLIGHTS

- The revenue of the Group amounted to approximately RMB43,949,000 for the year ended 31 December 2021 (2020: RMB38,891,000) which represented an increase of RMB5,058,000 or 13.0% as compared with the year of 2020.
- The profit attributable to owners of the Company was RMB18,140,000 for the year ended 31 December 2021 (2020: RMB17,541,000), which represented an increase of RMB599,000 or 3.4% as compared with the year of 2020.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2021*

		<b>Year ended 31 December</b>	
		<b>2021</b>	2020
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	<b>43,949</b>	38,891
Cost of sales and services		<u><b>(7,554)</b></u>	<u>(5,998)</u>
Gross profit		<b>36,395</b>	32,893
Other income	4	<b>9,725</b>	10,110
Other gains and losses, net	5	<b>(1,125)</b>	(2,612)
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss		<b>(734)</b>	300
Gain on fair value change of investment property		<b>50</b>	190
Distribution and selling expenses		<b>(7,644)</b>	(7,054)
Administrative expenses		<b>(7,984)</b>	(8,534)
Other expense	11	<b>(3,747)</b>	—
Finance costs		<u><b>(28)</b></u>	<u>(78)</u>
Profit before tax	6	<b>24,908</b>	25,215
Income tax expense	7	<u><b>(6,768)</b></u>	<u>(7,674)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u><b>18,140</b></u>	<u>17,541</u>
Earnings per share			
Basic (RMB cents)	8	<u><b>1.8</b></u>	<u>1.8</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		At 31 December	
		2021	2020
	NOTES	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		4,267	3,249
Intangible assets		152	—
Right-of-use assets		48	623
Investment property		6,250	6,200
Cemetery assets	10	9,837	8,904
Financial assets at fair value through profit or loss		8,166	8,900
Prepayments and other receivables	11	35,143	8,000
Deferred tax assets		824	—
		<u>64,687</u>	<u>35,876</u>
<b>CURRENT ASSETS</b>			
Inventories		23,834	18,605
Prepayments and other receivables	11	841	1,265
Amounts due from related parties		105,349	—
Bank balances and cash		84,428	197,630
		<u>214,452</u>	<u>217,500</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	11,938	6,099
Lease liabilities		15	598
Contract liabilities	13	7,372	8,033
Income tax payable		1,125	3,181
		<u>20,450</u>	<u>17,911</u>
<b>NET CURRENT ASSETS</b>		<u>194,002</u>	<u>199,589</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>258,689</u>	<u>235,465</u>

		<b>At 31 December</b>	
		<b>2021</b>	2020
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		—	15
Contract liabilities	13	<b>67,261</b>	63,194
Deferred tax liabilities		<b>3,266</b>	2,234
		<u>70,527</u>	<u>65,443</u>
<b>NET ASSETS</b>		<u><b>188,162</b></u>	<u>170,022</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>66,192</b>	66,192
Reserves		<b>121,970</b>	103,830
<b>Equity attributable to owners of the Company</b>		<u><b>188,162</b></u>	<u>170,022</u>
<b>TOTAL EQUITY</b>		<u><b>188,162</b></u>	<u>170,022</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company				Total RMB'000
	Share capital RMB'000	Statutory surplus reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
At 1 January 2020	66,192	9,771	1,309	75,209	152,481
Profit and total comprehensive income for the year	—	—	—	17,541	17,541
Transfer to statutory surplus reserve	—	2,372	—	(2,372)	—
At 31 December 2020 and 1 January 2021	<b>66,192</b>	<b>12,143</b>	<b>1,309</b>	<b>90,378</b>	<b>170,022</b>
Profit and total comprehensive income for the year	—	—	—	18,140	18,140
Transfer to statutory surplus reserve	—	2,387	—	(2,387)	—
At 31 December 2021	<b><u>66,192</u></b>	<b><u>14,530</u></b>	<b><u>1,309</u></b>	<b><u>106,131</u></b>	<b><u>188,162</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 1. GENERAL INFORMATION

China Wan Tong Yuan (Holdings) Limited (the “Company”) was incorporated and registered in the Cayman Islands on 25 January 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of 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 address of its principal place of business is No.48, Louzhuang Road, Langfang Development Area, Langfang, Hebei Province, the People’s Republic of China (the “PRC”). The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the sale of burial plots and columbarium units, provision of other burial-related services and provision of cemetery maintenance services in the PRC. The Company and its subsidiaries are collectively referred to as the “Group”.

The Company’s parent company is Tai Shing International Investment Company Limited, a company incorporated in the British Virgin Islands (the “BVI”) and its ultimate holding company is Lily Charm Holding Limited, a company incorporated in the BVI. Both companies are controlled by Ms. Zhao Ying (“Ms. Zhao”, the “Ultimate Controlling Shareholder”).

The consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

## 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to IFRS16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **New and amendments to IFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The directors of the Company (the “Directors”) anticipate that the application of the new and amendments to IFRSs above will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE AND OPERATING SEGMENTS

#### (i) Disaggregation of revenue from contracts with customers

	Year ended 31 December 2021		
	Sales of burial plots, columbarium units and provision of other burial- related services <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods and service</b>			
Sales of burial plots	30,356	—	30,356
Sales of columbarium units	4,874	—	4,874
Provision of other burial-related services	4,188	—	4,188
Provision of cemetery maintenance services	—	4,531	4,531
Total	<u>39,418</u>	<u>4,531</u>	<u>43,949</u>
<b>Timing of revenue recognition</b>			
A point in time	35,230	—	35,230
Over time	4,188	4,531	8,719
Total	<u>39,418</u>	<u>4,531</u>	<u>43,949</u>



	Year ended 31 December 2020		
	Sales of burial plots, columbarium units and provision of other burial-related services <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods and service</b>			
Sales of burial plots	29,595	—	29,595
Sales of columbarium units	1,682	—	1,682
Provision of other burial-related services	3,484	—	3,484
Provision of cemetery maintenance services	—	4,130	4,130
Total	<u>34,761</u>	<u>4,130</u>	<u>38,891</u>
<b>Timing of revenue recognition</b>			
A point in time	31,277	—	31,277
Over time	<u>3,484</u>	<u>4,130</u>	<u>7,614</u>
Total	<u>34,761</u>	<u>4,130</u>	<u>38,891</u>

(ii) **Performance obligations for contracts with customers**

***Sales of burial plots with maintenance services (multiple performance obligations)***

For contracts entered into with customers on sales of burial plots, the relevant burial plots specified in the contracts have no alternative use to the Group. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Directors concluded that the Group does not have an enforceable right to payment prior to transfer of the burial plots to customers. Revenue from sales of burial plots is therefore recognised at a point in time when customer obtains control of the burial plot, being at the point that the burial plot is transferred to customer and the payment of the transaction price is due immediately at the point the customer purchases the burial plots.

The cemetery maintenance service is considered to be a distinct service. Transaction price is allocated between sales of burial plots and the maintenance services on a relative stand-alone selling price basis. Revenue relating to the maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

***Sales of columbarium units (revenue recognised at a point in time)***

For contracts entered into with customers on sales of columbarium units, the relevant columbarium units specified in the contracts have no alternative use to the Group. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Directors concluded that the Group does not have an enforceable right to payment prior to transfer of the columbarium units to customers. Revenue from sales of columbarium units is therefore recognised at a point in time when customer obtains control of the columbarium unit, being at the point that the columbarium units is transferred to customers and the payment of the transaction price is due immediately at the point the customer purchases the columbarium units.

***Provision of other burial-related services***

Other burial-related services represented revenues from miscellaneous services such as the organisation and conducting of burial rituals, the design and landscaping of the burial sites and additional engraving fees. Revenue relating to these burial-related services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

**(iii) Transaction price allocated to the remaining performance obligation for contracts with customers**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and the expected timing of recognising revenue are as follows:

	<b>Sales of burial plots RMB'000</b>	<b>Provision of cemetery maintenance services RMB'000</b>	<b>Provision of other burial- related services RMB'000</b>	<b>Total RMB'000</b>
Within one year/on demand	<b>1,007</b>	<b>5,567</b>	<b>798</b>	<b>7,372</b>
More than one year but not more than two years	—	<b>4,972</b>	<b>505</b>	<b>5,477</b>
More than two years	—	<b>61,599</b>	<b>185</b>	<b>61,784</b>
	<b>1,007</b>	<b>72,138</b>	<b>1,488</b>	<b>74,633</b>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and the expected timing of recognising revenue are as follows:

	Sales of burial plots <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of other burial- related services <i>RMB'000</i>	Total <i>RMB'000</i>
Within one year/on demand	2,220	5,156	657	8,033
More than one year but not more than two years	—	4,478	598	5,076
More than two years	—	57,711	407	58,118
	<u>2,220</u>	<u>67,345</u>	<u>1,662</u>	<u>71,227</u>

#### **Operating segments**

The Group determines its operating segments based on the reports reviewed by executive directors of the Company, being the chief operating decision makers (the “CODM”), that are used to make strategic decisions. Information reported to the CODM is based on the products and services delivered or provided by the Group.

The Group’s operating and reportable segments are (i) sales of burial plots, columbarium units and provision of other burial-related services; and (ii) provision of cemetery maintenance services in the PRC.

**Segment revenue and results**

*Year ended 31 December 2021*

	<b>Sales of burial plots, columbarium units and provision of other burial- related services <i>RMB'000</i></b>	<b>Provision of cemetery maintenance services <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
Segment revenue	<u>39,418</u>	<u>4,531</u>	<u>43,949</u>
Segment results	32,414	3,981	<u>36,395</u>
Other income			9,725
Other gains and losses, net			(1,125)
Loss on fair value changes of financial assets at fair value through profit or loss (“FVTPL”)			(734)
Gain on fair value change of investment property			50
Distribution and selling expenses			(7,644)
Administrative expenses			(7,984)
Other expense			(3,747)
Finance costs			<u>(28)</u>
Profit before tax			<u><u>24,908</u></u>

Year ended 31 December 2020

	Sales of burial plots, columbarium units and provision of other burial-related services <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	34,761	4,130	38,891
Segment results	29,133	3,760	32,893
Other income			10,110
Other gains and losses, net			(2,612)
Gain on fair value changes of financial assets at FVTPL			300
Gain on fair value change of investment property			190
Distribution and selling expenses			(7,054)
Administrative expenses			(8,534)
Finance costs			(78)
Profit before tax			<u>25,215</u>

Segment results represent the gross profit attributable to each segment without allocation of other income, other gains and losses, (loss) gain on fair value changes of financial assets at FVTPL, gain on fair value change of investment property, distribution and selling expenses, administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. There were no inter-segment revenue during the current and prior years. No analysis of segment assets and liabilities is presented as it is not regularly reviewed by the CODM.

#### ***Geographical information***

All of the Group's revenue is generated from sale of burial plots, columbarium units and provision of other burial-related services, and provision of cemetery maintenance services in the PRC based on where goods are sold or services are rendered, and substantially all of the Group's identifiable assets and liabilities are located in the PRC. Therefore, no geographical information is presented.

#### ***Information about major customers***

Revenue from sales of columbarium units in the amount of RMB4,874,000 from a single customer accounted for over 10% of the Group's revenue for the year ended 31 December 2021. No single customer accounted for 10% or more of the Group's revenue for the year ended 31 December 2020.

#### 4. OTHER INCOME

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on bank deposits	1,956	2,870
Dividend income from financial assets at FVTPL	700	800
Government grants	—	250
Rental income	190	190
Interest income on amounts due from related parties	5,989	—
Imputed interest income on interest-free advance payment and deposit paid	890	—
Income from waiver of other payable ( <i>note</i> )	—	6,000
	<u>9,725</u>	<u>10,110</u>

*Note:* An amount payable of RMB6,000,000 was waived by the counterparty and recognised as other income during the year ended 31 December 2020.

#### 5. OTHER GAINS AND LOSSES, NET

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of property, plant and equipment	19	—
Foreign exchange losses, net	(1,209)	(2,612)
Gain on disposal of financial assets at fair value through profit or loss	65	—
	<u>(1,125)</u>	<u>(2,612)</u>

## 6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Auditors' remuneration	1,050	1,050
Depreciation of property, plant and equipment	980	892
Depreciation of right-of-use assets	575	527
Amortisation of cemetery assets (included in cost of sales and services)	447	380
Total depreciation and amortisation	2,002	1,799
Cost of inventories recognised as an expense	5,295	3,872
Staff costs, including directors' and chief executive's remuneration:		
Salaries, wages and other benefits	6,159	5,847
Retirement benefit scheme contributions	427	85
Total staff costs	6,586	5,932

## 7. INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current enterprise income tax	6,668	7,551
Over provision in prior year	(108)	—
Deferred tax	208	123
	6,768	7,674

Income tax expense for the year can be reconciled to profit before tax as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Profit before tax	<u><b>24,908</b></u>	<u>25,215</u>
Tax at the applicable tax rate of 25% (2020: 25%)	<b>6,227</b>	6,304
Tax effect of expenses not deductible for tax purpose	<b>434</b>	1,460
Tax effect of income not taxable for tax purpose	<b>(182)</b>	(242)
Over provision in respect of prior years	<b>(108)</b>	—
Tax effect of tax losses not recognized	<u><b>397</b></u>	<u>152</u>
Income tax expense	<u><b>6,768</b></u>	<u>7,674</u>

*Note:*

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax had been made in the consolidated financial statements as the Group’s subsidiaries had no assessable profit subject to Hong Kong Profits Tax.

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	<b>Year ended 31 December</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<u><b>18,140</b></u>	<u>17,541</u>
Numbers of shares:		
Numbers of ordinary shares for the purpose of calculating basic earnings per share	<u><b>1,000,000,000</b></u>	<u>1,000,000,000</u>

No diluted earnings per share for the year ended 31 December 2021 and 2020 were presented as there were no potential ordinary shares in issue for both years.



## 9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

## 10. CEMETERY ASSETS

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Leasehold land	4,015	4,156
Landscape facilities	5,437	4,346
Development costs	385	402
	<u>9,837</u>	<u>8,904</u>

The carrying amount of leasehold land is measured under IFRS 16 at cost less accumulated amortisation and any impairment losses. The leasehold land is amortised on a straight-line basis over the lease term of 50 years.

Landscape facilities represent the construction cost of arbors and bridges in the mausoleum. Amortisation for landscape facilities is provided on a straight-line basis over the estimated useful life of 20 years.

Development costs represent the costs paid for the foundation work and putting the land into the condition ready for development of cemetery business. Amortisation for development costs is provided on a straight-line basis over the estimated useful life (same as leasehold land over the lease term).

Upon commencement of development of an area within the cemetery, the related carrying amounts of cemetery assets are transferred to inventories.

## 11. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current</b>		
Staff advance	30	30
Prepayments	398	1,002
Others	413	233
	<u>841</u>	<u>1,265</u>
<b>Non-current</b>		
Guarantee deposit and payments for a cemetery project ( <i>note (a)</i> )	8,437	8,000
Other receivables ( <i>note (b)</i> )	26,706	—
	<u>35,143</u>	<u>8,000</u>

### Notes:

- (a) The amount represents the interest-free guarantee deposit to a third party, Langfang Xinhangcheng Real Estate Development Co., Limited (廊坊市新航城房地產開發有限公司, “Xinhangcheng”) for development of new cemetery project located in Langfang relocation and settlement zone, Beijing, and should there be no breach on the part of Langfang Wantong before the official commencement of operation of the cemetery, Xinhangcheng shall within 90 days therefrom refund the guarantee deposit to Langfang Wantong. The difference between the nominal amount and the fair value of the guarantee deposit at initial recognition was considered as payments for a cemetery project.
- (b) The amount represents the interest-free advance payment paid to Baijiawu Office (白家務辦事處, a local government department) for the land demolition for the development of new cemetery project located in Langfang relocation and settlement zone, Beijing. Pursuant to the agreement entered into between Langfang Wantong and Langfang Xinhangcheng and the arrangement among the Guangyang district government, Baijiawu Office and Langfang Linkong Wantong Cemetery Co., Ltd. (廊坊臨空萬桐公墓有限公司, “Linkong Wantong”, a subsidiary of the Company), the Guangyang district government will coordinate the relevant parties to return the advance payment to the Group and the Directors expected that the advance payment will be recovered within 2 years. The difference between the nominal amount and the fair value of the advance payment at initial recognition was recorded in other expense during the year ended 31 December 2021.

## 12. TRADE AND OTHER PAYABLES

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	8,819	2,122
Accrued expenses	3,119	3,977
	<u>11,938</u>	<u>6,099</u>

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

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	7,739	886
1 to 2 years	27	1,133
2 to 3 years	965	15
Over 3 years	88	88
	<u>8,819</u>	<u>2,122</u>

## 13. CONTRACT LIABILITIES

Contract liabilities represent the obligations to transfer burial plots and cemetery maintenance services in accordance with the revenue recognition policy and the nature of the business.

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of burial plots	1,007	2,220
Provision of cemetery maintenance services ( <i>note</i> )	72,138	67,345
Provision of other burial-related services	1,488	1,662
	<u>74,633</u>	<u>71,227</u>
Current	7,372	8,033
Non-current	67,261	63,194
	<u>74,633</u>	<u>71,227</u>

*Note:* The increase in contract liabilities in the current year was mainly due to the long-term advances received from customers. Customers who purchase burial services are required to make advance payments for maintenance fees, relating to the on-going cemetery maintenance services of their burial plots and memorials over 20 years, and such amounts are generally paid together with the purchase of burial plots.

The following table presented the amounts of revenue recognised in the profit or loss which were included in contract liabilities carried forward from prior periods.

***Year ended 31 December 2021***

	<b>Sales of burial plots RMB'000</b>	<b>Provision of cemetery maintenance services RMB'000</b>	<b>Provision of other burial- related services RMB'000</b>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>1,213</u>	<u>4,331</u>	<u>657</u>

***Year ended 31 December 2020***

	<b>Sales of burial plots RMB'000</b>	<b>Provision of cemetery maintenance services RMB'000</b>	<b>Provision of other burial- related services RMB'000</b>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>217</u>	<u>3,988</u>	<u>352</u>

The Group receives all the contract amounts when signing the contracts with customers on sales of burial plots and provision of cemetery maintenance services. Transaction price is allocated between sales of burial plots and the maintenance services on a relative standalone selling price basis. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction. The Group considers the advance payment schemes does not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money taking into consideration that the payment terms were not structured primarily for the provision of finance to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

#### *Sales of burial plots and columbarium units and provision of other burial-related services*

Burial services were the largest component of our revenue, representing 89.7% of our revenue for the year ended 31 December 2021 (2020: 89.4%).

The burial services market in Langfang is concentrated. Demand for our burial services and growth in our revenue are driven by the overall demand for burial services in Langfang and the Jing-Jin-Ji megalopolis at large. We believe our reputation, quality of services, and well-maintained and conveniently located facilities allow us to compete effectively in Langfang. The Company is optimistic that this operation will be continuously developed and expanded.

#### *Provision of cemetery maintenance services*

We provide ongoing cemetery maintenance services as an integral part of our burial services 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 RMB4.5 million for the year ended 31 December 2021 (2020: RMB4.1 million).

## BUSINESS OUTLOOK AND RECENT DEVELOPMENT

The sales of the Group's burial services used to peak during February and March and around the Qing Ming Festival in the prior years. Due to the impact of the outbreak of the Novel Coronavirus ("COVID-19") the Group had been facing significant challenges in its business development. With that said, the Group will continue to uphold its belief and cooperate with the government on the anti-epidemic work, focusing on upgrading our "Cloud Tomb-sweeping" services. On top of ensuring stable and ordered operation, we will continue to innovate and enhance our cemetery operations and provide quality services to our customers.

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

### **Focus on developing the JV Cemetery Project**

Currently, the planning and tendering of the joint venture cemetery project (“JV Cemetery Project”) between the Group and Langfang Xinhangcheng Real Estate Development Co., Limited (廊坊市新航城房地產開發有限公司, “Xinhangcheng”) is completed. The JV Cemetery Project will be one of the major development projects of the Group next year. The Group will continue its proactive development and further communicate with related governmental departments regarding matters concerning land expropriation and land use planning, and make every effort to facilitate the approval procedures for the operating cemeteries. The Directors believe that the implementation and the continued development of and investment into the JV Cemetery Project will facilitate the Group in consolidating and expanding its market position in Langfang and the Jing-Jin-Ji megalopolis.

Looking forward, the Group will continue to selectively acquire, invest in or enter into strategic partnerships with other death care services providers, including funeral services 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 high-quality death care services. 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. Meanwhile, it will also explore potential acquisition or investment in other regions. In addition to the downstream industry of burial services, the Group is also committed to seeking development in the upstream industry, for example, palliative care services, to expand its business opportunities and to identify strategic alliance. Therefore, the Directors believe that the Group will achieve industrial integration from aging to burial for a diverse range of customers.

### **Strengthen the market position in Langfang**

Apart from the above JV Cemetery Project which facilitate the Group in further consolidating its market position and reputation in Langfang, the Company believes that a more elegant environment of the cemetery with warmer, more diversified and person-centered services would enable the Company to address the customers’ various needs and preferences. Thus, the Group will launch various product types at different price point and optimize its funeral services. Meanwhile, the Group will continuously upgrade and plan to further develop its cemetery, especially the environment in cemeteries, upgrade its facilities and diversify its service offerings. In addition to the further development of its cemetery as mentioned above, in terms of our funeral services, the Group will add more professional and diverse extended services. The Group will also increase its effort in promotion and marketing, utilizing online sales platforms to promote the services of the Group in multiple channels.

In addition, in view of the rapid development of Langfang, which is benefited from the overall development of the Jing-Jin-Ji megalopolis, the local government has been carrying out the urban planning and construction. During this process, it may involve the migration of the villagers and resettlement of the cremains of their deceased relatives. As a licensed and well established cemetery, in possession of both capability and capacity, the Group provides columbarium collective storage services to meet the demand arising from the local government's city development plan on one hand, and broaden its income source on the other. The Group will continue to cooperate with and support the local government's city development plan, providing funeral services and columbarium storage services and undertaking tomb moving projects and adding columbarium storage services for multiple villages at Beijing New Airport Zone (Langfang Region).

The Directors believe that, with the brand power and the well-established reputation of the Group accumulated over a long time, as well as the continued development of the projects above, we will further consolidate strengthen the Group's market position in Langfang.

### **Expand the business scope to provide funeral services**

The Group generated substantially all of its revenue from burial services and has also forged stable business relationships with a number of local funeral services providers which refer customers to the Group. The Directors believe, however, that one-stop-shop services integrating funeral and burial services are able to confer a significant competitive advantage, while also ensuring a seamless and smooth experience at each stage of the process. The Group has set up service sites at Langfang Funeral Parlor (廊坊市殯儀館), and assigned specialists to introduce cemetery-related services, deal with pre-service business and promote to and identify prospective customers. The Group will continue to provide professional and general skill training for its employees and recruit funeral service specialists, in order to provide more professional and comprehensive services to our customers.

The Group will step up from providing only burial services to providing integrated funeral services and burial services, where we will launch different product types at different price points and add more professional and diverse extended services in aspects such as burial plot maintenance, burial and tomb-sweeping, so as to expand and enhance our service package. Meanwhile, the Group will proactively negotiate with the government and related departments of Langfang concerning the future cooperation plans, in order to provide more services for the locals and our customers, including the provision of burial services, funeral services and columbarium storage services, expanding our coverage through multiple channels.

The Group believes that the active progression and development of the JV Cemetery Project can further strengthen the brand power and reputation of the Group and allow for further recognition from the local government, which will facilitate the Group in competing for cooperation and expansion opportunities.

## **Tapping further into the burial market in the Jing-Jin-Ji megalopolis**

Leveraging the Group's strategic location in Langfang and proximity to regional hubs in the Jing-Jin-Ji megalopolis, the Group continues to pay effort to tap further into the burial services market in this region, especially in Beijing, where affordable burial plots have become increasingly sparse and local residents become increasingly mobile with the integration of communities and 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 further develop cooperation with local funeral services providers as its business partners. The Group targets to establish cooperative relationships with more Beijing-based funeral services providers in 2022 to promote its burial services locally. Meanwhile, the Group plans to cooperate with local funeral homes and hospital mortuaries to access bereaved families in a more direct and more prompt way, so that the Group can react immediately to provide high-quality one-stop-shop services integrating funeral and burial services for its prospective customers.

## **Pursuing strategic alliance and acquisition opportunities**

Since the GEM listing, the Group has performed preliminary site visits and researched for some potential acquisition opportunities for the purpose of pursuing strategic alliance and acquisition opportunities according to the future plans under the prospectus of the Company dated 7 September 2017. The Langfang Wantong Public Cemetery Co., Limited (廊坊市萬桐公墓有限公司, "Langfang Wantong"), an indirect wholly-owned subsidiary of the Company, successfully won the bid of the JV Cemetery Project on 30 June 2020 and entered into a formal joint venture agreement with Xinhangcheng on 6 July 2020 in relation to the establishment of a joint venture company responsible for land resumption, construction and operations and management of the new airport (Langfang area), relocation and settlement zone, Beijing. In 2021, the planning and tendering processes have been completed. In 2022, the Group will continue to actively develop the JV Cemetery Project in all aspects, enter into contract with the planning company, and further communicate with the district government, the district planning authority and the urban council to coordinate any matters related to land acquisition and land expropriation. Meanwhile, the Group will continue to explore other suitable opportunities for strategic alliance and acquisition in the future.

## **Major and Connected Transaction**

The Group entered into a loan agreement with China VAST Industrial Urban Development Company Limited ("China VAST") on 7 May 2021. The Group has conditionally agreed to provide the loan in the principal amount of RMB100,000,000 (or its equivalent in Hong Kong dollars) to China VAST for a term of one year at an interest rate of 12% per annum. Ms. Zhao Ying is a Director and is, through The Hope Trust, interested in 700,000,000 shares, representing 70% of the issued share capital of the Company. She was also, through The Hope Trust and Profit East, interested in an aggregate of 1,221,565,664 shares of China VAST, representing 73.98% of the issued share capital of China VAST. Therefore, Ms. Zhao Ying is a controlling shareholder of



both the Company and China VAST. Accordingly, China VAST is a connected person of the Group under Chapter 14A of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The loan agreement and the loan contemplated thereunder constitute a major and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules, and were subjected to and the Group has complied with the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The loan agreement and the transactions contemplated thereunder were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 24 June 2021. For details, please refer to the announcement dated 7 May 2021, the circular dated 4 June 2021 and the poll results announcement dated 24 June 2021 of the Company.

## Financial Review

### Revenue

Our revenue for the year ended 31 December 2021 was substantially generated from: (i) sale of burial plots, which includes the control of the burial plots and headstones and other ancillary products to be used on the burial plots; (ii) sale of columbarium units, which includes the control of the columbarium units and other ancillary products to be used on columbarium units; (iii) other burial-related services such as the organization 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; and (iv) cemetery maintenance services. The table below sets forth a breakdown of our revenue:

	Year ended 31 December			
	2021		2020	
	Revenue	Percentage	Revenue	Percentage
	(RMB’000)	of total	(RMB’000)	of total
		revenue		revenue
		%		%
Burial business				
Sales of burial plots	30,356	69.1%	29,595	76.1%
Sale of columbarium units	4,874	11.1%	1,682	4.3%
Provision of other burial-related services	4,188	9.5%	3,484	9.0%
	<u>39,418</u>	<u>89.7%</u>	<u>34,761</u>	<u>89.4%</u>
Provision of cemetery maintenance services	4,531	10.3%	4,130	10.6%
	<u>43,949</u>	<u>100%</u>	<u>38,891</u>	<u>100.0%</u>

### ***Cost of sales and services***

Cost of sales and services consists primarily of the costs we incurred in relation to the sales and provision of our services. Our cost of sales and services was RMB7.6 million in 2021 (2020: RMB6.0 million), with an increase of 26.7%.

	Year ended 31 December			
	2021		2020	
	Percentage of total cost of sales and services (RMB'000)	Percentage of total cost of sales and services %	Percentage of total cost of sales and services (RMB'000)	Percentage of total cost of sales and services %
Burial business	7,004	92.7%	5,628	93.8%
Cemetery maintenance	550	7.3%	370	6.2%
	<u>7,554</u>	<u>100%</u>	<u>5,998</u>	<u>100.0%</u>

The Group's cost of sales and services consists primarily of the costs it incurred in relation to the provision of its services, including the headstone cost, construction cost of columbaria, land acquisition cost, cemetery maintenance cost, burial-related cost and others.

The Group's cost of sales and services for burial services increased by 25.0% from RMB5.6 million in 2020 to RMB7.0 million in 2021, primarily due to the increase in sales of the columbarium units in 2021. The Group's cost of sales and services for cemetery maintenance increased from RMB0.4 million in 2020 to RMB0.6 million in 2021.

### ***Gross Profit and Gross Profit Margin***

Gross profit represents revenue less cost of sales and services. Our gross profit for 2021 and 2020 was RMB36.4 million and RMB32.9 million, respectively.

	Year ended 31 December			
	2021		2020	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Burial business	32,414	82.2%	29,133	83.8%
Cemetery maintenance	3,981	87.9%	3,760	91.0%
	<u>36,395</u>	<u>82.8%</u>	<u>32,893</u>	<u>84.6%</u>

Our overall gross profit margin for 2021 and 2020 was 82.8% and 84.6%, respectively. Our relatively high gross profit margins during the year were primarily due to (i) the relatively high gross profit margins in the burial industry; (ii) our ability to provide high-quality burial services; and (iii) the relatively low land acquisition cost for our cemetery.

The lower gross profit margin percentage for 2021 is mainly due to higher construction costs of columbaria resulting in a lower gross profit margin for the sale of certain columbarium units in 2021. The gross profit margin percentage of the provision of cemetery maintenance services decreased by approximately 3% year-on-year, mainly due to higher other greening sporadic expenses in 2021.

### ***Other income***

The Group's other income decreased slightly by 4.0% from RMB10.1 million in 2020 to RMB9.7 million in 2021.

### ***Distribution and selling expenses***

Our distribution and selling expenses increased by 7.0% from RMB7.1 million for 2020 to RMB7.6 million for 2021. This increase was primarily due to higher commission and disbursements for promoting the sales of burial plots during the year given the impact of COVID-19.

### ***Administrative expenses***

Our administrative expenses decreased by 5.9% from RMB8.5 million for 2020 to RMB8.0 million for 2021.

### ***Profit before tax***

As a result of the above, our profit before tax decreased by 1.2% from RMB25.2 million for 2020 to RMB24.9 million for 2021.

### ***Income tax expense***

Our income tax expense decreased by 11.7% from RMB7.7 million for 2020 to RMB6.8 million for 2021, generally consistent with the decrease of our profit.

### ***Profit and total comprehensive income for the year***

Our profit and total comprehensive income for the year increased by 3.4% from RMB17.5 million for 2020 to RMB18.1 million for 2021. Our net profit margin decreased from 45.1% for 2020 to 41.3% for 2021.

### ***Earnings per share***

The basic earnings per share for the year ended 31 December 2021 calculated based on the number of 1,000,000,000 ordinary shares was RMB0.018 (basic earnings per share for the year ended 31 December 2020: RMB0.018).

### ***Cash Flow***

Our cash and cash equivalents decreased by RMB70.6 million to RMB73.2 million as at 31 December 2021 from RMB143.8 million as at 31 December 2020, principally attributable to the net cash outflow of RMB100 million used in investing activities.

### ***Pledge of assets***

There was no charge on the Group's assets as at 31 December 2021 and 2020.

### ***Inventories***

Our inventories primarily consist of burial plots, columbarium units, headstones and others. The related carrying amounts of the cemetery assets attributable to the burial plots and columbarium units are transferred to inventory upon the commencement of development of cemetery assets into burial plots with the intention of sale in the ordinary course of business. Headstones are recognised as inventory when they are set up in the cemetery and accepted by the Group. Inventories are transferred to cost when the customer obtains the control of the burial plot. Our inventories increased from RMB18.6 million as at 31 December 2020 to RMB23.8 million as at 31 December 2021, mainly due to the increase of tombstones.

### ***Prepayments and other receivables***

Our prepayments and other receivables increased from RMB9.3 million as at 31 December 2020 to RMB36.0 million as at 31 December 2021, mainly due to the advance payment for the land demolition for development of new cemetery project located in Langfong of RMB30 million.

### ***Trade and other payables***

Our trade and other payables increased by 95.1% from RMB6.1 million as at 31 December 2020 to RMB11.9 million as at 31 December 2021, the increase is mainly due to RMB6.6 million payable of tombstones to suppliers.

### ***Contract liabilities***

Contract liabilities represent the obligations to transfer burial plots and cemetery maintenance services in accordance with the revenue recognition policy and the nature of the business.

As at 31 December 2021, current contract liabilities amounted to RMB7.4 million (as at 31 December 2020: RMB8.0 million). The current contract liabilities remains stable with a slight decrease.

As at 31 December 2021, non-current contract liabilities amounted to RMB67.3 million (as at 31 December 2020: RMB63.2 million). The increase in non-current contract liabilities is mainly due to increase in advances from customers during the current year.

### ***Capital structure***

During the year ended 31 December 2021, there was no change to the capital structure of the Company.

### ***Liquidity and financial resources***

As at 31 December 2021, we had bank balances and cash of approximately RMB84.4 million (2020: RMB197.6 million). We have financed our working capital, capital expenditures and other capital requirements primarily through income generated from our operations. In the future, we expect to fund our capital expenditures, working capital and other capital requirements from the Group's bank balances and cash, cash generated from our operations and other borrowings.

### ***Gearing ratio***

The Directors review the capital structure on annual basis. As part of this review, the Directors consider the cost of capital and the risk associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares and repurchase of shares as well as issue of new debts or the redemption of existing debts.

As at 31 December 2021, the gearing ratio of the Group, being total liabilities to total assets, was 32.6% (2020: 32.9%), which indicated the Group's healthy liquidity position.

### ***Employee remuneration and relations***

As at 31 December 2021, the Group had a total of 57 employees (2020: 57 employees). The Group provides employees with competitive remuneration and benefits, and the remuneration policy will be reviewed on a regular basis based on the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance the employees' skills and capabilities in all aspects.

### ***Operating lease***

As at 31 December 2021, the Group had minimum lease payments receivable of approximately RMB0.2 million (2020: RMB0.2 million).

### ***Commitments***

As at 31 December 2021, the Group had no capital commitments in respect of expenditure in cemetery assets and property, plant and equipment (2020: RMB0.2 million).

### ***Contingent liabilities***

The Group had no material contingent liabilities as at 31 December 2021 (2020: nil).

### ***Foreign currency risk***

The Group's business is principally denominated in Renminbi. As certain bank deposits are denominated in Hong Kong dollars, therefore, the Group is exposed to foreign currency exchange risk. No currency hedging arrangement had been made by the Group during the year. The Directors have positive attitude to regular monitor the exposure to foreign exchange so as to reduce the foreign exchange rate risk to minimal.

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

Neither the Company nor its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2021.

### **EVENTS AFTER THE END OF THE REPORTING PERIOD**

The Board is not aware of any significant events affecting the Group, which have occurred subsequent to 31 December 2021 and up to the date of this announcement.

### **DIVIDENDS**

The Board does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

### **CORPORATE GOVERNANCE**

The Company is committed to establishing and maintaining good corporate governance practices and procedures. For the year ended 31 December 2021, the Board has adopted its own code on corporate governance practices which incorporate all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Directors of the Company will continue to review its corporate governance practices in order to enhance its corporate governance standard and ensure further standards be put in place by reference to the recommended best practices whenever suitable and appropriate. The Directors confirm that the Company have complied with the code provisions of the Corporate Governance Code and the code on corporate governance practices of the Company during the year ended 31 December 2021.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors' and employees' securities transactions ("Securities Dealing Code"). Having made specific enquiry of all the Directors and members of the senior management, they have confirmed their compliance with required standard set out in the Securities Dealing Code during the year.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group's consolidated financial statements for the year ended 31 December 2021, including the accounting principles and practices adopted by the Group with the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made, and recommended to the Board for approval.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company for the year ended 31 December 2021 is scheduled to be held on Friday, 24 June 2022 (the "AGM"). A notice convening the AGM will be issued and disseminated to shareholders of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 21 June 2022 to Friday, 24 June 2022 (both days inclusive) during which no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming AGM of the Company, all completed transfer documents accompanying with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office 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 for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 20 June 2022.

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

Hong Kong, 29 March 2022



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