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## **CHINA WAN TONG YUAN (HOLDINGS) LIMITED**

### **中國萬桐園（控股）有限公司**

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

**(Stock Code: 8199)**

### **THIRD QUARTERLY ANNOUNCEMENT**

**2017**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Director(s)”) of China Wan Tong Yuan (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particular given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.*

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

The board of directors (the “Board”) of the Company hereby presents the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2017 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2016 as follows:

#### **FINANCIAL HIGHLIGHTS**

- The unaudited revenue of the Group amounted to approximately RMB30,563,000 (nine months ended 30 September 2016: RMB20,209,000) for the nine months ended 30 September 2017 (the “Period”) which represented an increase of RMB10,354,000 or 51.2% as compared with the corresponding previous period (the “Previous Period”).
- The profit attributable to owners of the Company was RMB6,256,000 (nine months ended 30 September 2016: RMB11,881,000) for the Period, which represented an decrease of RMB5,625,000 or 47.3% as compared with the Previous Period.
- The Board does not recommend the payment of an interim dividend for the Period.

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

*For the three months and nine months ended 30 September 2017*

	<i>Notes</i>	<b>Three months ended 30 September (Unaudited)</b>		<b>Nine months ended 30 September (Unaudited)</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	3	<b>6,117</b>	5,281	<b>30,563</b>	20,209
Cost of sales and services		<b>(1,172)</b>	(760)	<b>(5,647)</b>	(3,386)
Gross profit		<b>4,945</b>	4,521	<b>24,916</b>	16,823
Other income		<b>860</b>	1,265	<b>4,814</b>	6,651
Gain on fair value change of investment properties		—	—	<b>60</b>	—
Distribution and selling expenses		<b>(977)</b>	(1,030)	<b>(3,080)</b>	(2,701)
Administrative expenses		<b>(1,042)</b>	(205)	<b>(3,056)</b>	(1,638)
Initial public offering expenses		<b>(7,591)</b>	—	<b>(14,271)</b>	—
Finance costs		—	(1,260)	—	(3,896)
(Loss)/profit before taxation		<b>(3,805)</b>	3,291	<b>9,383</b>	15,239
Income tax expenses	4	<b>29</b>	(1,030)	<b>(3,127)</b>	(3,358)
<b>(Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company</b>		<b><u>(3,776)</u></b>	<u>2,261</u>	<b><u>6,256</u></b>	<u>11,881</u>
<b>Earnings per share</b>					
— <b>Basic (RMB)</b>	5	<b><u>(0.005)</u></b>	<u>0.003</u>	<b><u>0.008</u></b>	<u>0.016</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 25 January 2017 and the ordinary shares of nominal value of US\$0.01 each in the share capital of the Company (the “Shares”) were listed on the GEM on 27 September 2017. The address of its registered office is 2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands and its principal place of business is 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

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

The unaudited condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousands except when otherwise indicated. The condensed consolidated financial statements for the three months and nine months ended 30 September 2017 (the “Third Quarterly Financial Statements”) are unaudited but were reviewed by the Audit Committee of the Company (the “Audit Committee”) and approved for issue by the Board on 6 November 2017.

## 2. BASIS OF PREPARATION

The Third Quarterly Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The Third Quarterly Financial Statements do not include all the information required in annual financial statements in accordance with International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standard Board (the “IASB”), and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016 contained in the prospectus of the Company dated 14 September 2017 regarding global offering (the “Prospectus”).

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

The Third Quarterly Financial Statements have been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

## 3. REVENUE

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

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of burial plots and provision of other burial-related services	5,339	4,596	28,284	18,178
Provision of cemetery maintenance services	778	685	2,279	2,031
	<u>6,117</u>	<u>5,281</u>	<u>30,563</u>	<u>20,209</u>

#### 4. INCOME TAX EXPENSES

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Current enterprises income tax	(29)	1,030	3,112	3,358
Deferred tax	—	—	15	—
	<u>(29)</u>	<u>1,030</u>	<u>3,127</u>	<u>3,358</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2016: 25%).

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits arising in Hong Kong during the Period. No provision for Hong Kong Profits Tax had been made in the Historical Financial Information as the Group’s subsidiaries had no assessable profit subject to Hong Kong Profits Tax.

#### 5. EARNINGS PER SHARE

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

	Three months ended 30 September (Unaudited)		Nine months ended 30 September (Unaudited)	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
<b>Earnings</b>				
Earnings for the purpose of calculating basic earnings per share ((loss)/profit for the period attributable to owners of the Company)	<u>(3,776)</u>	<u>2,261</u>	<u>6,256</u>	<u>11,881</u>
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue	<u>760,869,565</u>	<u>750,000,000</u>	<u>753,663,004</u>	<u>750,000,000</u>

(b) No diluted earnings per share for the three and nine months ended 30 September 2017 and 2016 was presented as there were no potential ordinary shares in issue.

#### 6. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2017 (2016: Nil).

#### 7. LISTING ON GEM

The Company’s Shares were successfully listed on GEM by way of Global Offering on 27 September 2017 (the “Listing”). Pursuant to the Global Offering, new Shares including a public offer of 125,000,000 Shares of the Company and international placing of 125,000,000 new Shares of the Company have been issued on 27 September 2017 at the offer price of HK\$0.28 per share.

#### 8. EVENTS AFTER REPORTING PERIOD

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

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

Our burial services consist primarily of (1) the sale of burial plots, which includes the right to use the burial plots and headstones and ancillary products to be used on burial plots, and (2) ancillary services such as the organizing and conducting of interment rituals, the design, construction and landscaping of the burial plots, and the engraving of inscriptions and ceramic photographs on the headstones. Burial services were the largest component of our revenue, representing 92.5% of our revenue for the nine months ended 30 September 2017 (2016: 90.0%). Our revenue from burial services, in particular, the sale of burial plots, for a given period is dependent upon the number and the average selling price of burial plots sold and recognized as revenue during the period.

#### *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 RMB2,279,000 for the nine months ended 30 September 2017 (2016: RMB2,031,000).

### Financial Review

#### *Revenue*

Our revenue was increased by 51.2% from RMB20.2 million for the nine months ended 30 September 2016 to RMB30.6 million for the nine months ended 30 September 2017, primarily driven by an increase in revenue from burial services. Our revenue from burial services increased by 55.6% from RMB18.2 million for the nine months ended 30 September 2016 to RMB28.3 million for the nine months ended 30 September 2017, primarily due to (1) an increase in the total number of burial plots sold and recognized as revenue, and (2) an increase in the average selling price of burial plots sold and recognized as revenue.

#### *Cost of sales and services and Gross Profit*

Our cost of sales and services increased by 66.8% from RMB3.4 million for the nine months ended 30 September 2016 to RMB5.6 million for the sales and services for burial services. Our cost of sales and services for burial services increased by 59.1% from RMB3.2 million for the nine months ended 30 September 2016 to RMB5.1 million for the nine months ended 30 September 2017, primarily due to an increase in the headstone cost, generally consistent with an increase in the number of burial plots sold and recognized as revenue. Our cost of sales and services for cemetery maintenance increased significantly by 150% from RMB0.2 million for the nine months ended 30 September 2016 to RMB0.5 million for the nine months ended 30 September 2017, primarily due to an increase in the cost of gardening.

### ***The Gross profit and gross profit margin***

As a result of the foregoing, our gross profit increased by 48.1% from RMB16.8 million for the nine months ended 30 September 2016 to RMB24.9 million for the nine months ended 30 September 2017. Our overall gross profit margin decreased from 83.2% for the nine months ended 30 September 2016 to 81.5% for the nine months ended 30 September 2017.

Our gross profit for burial services increased by 54.8% from RMB15.0 million for the nine months ended 30 September 2016 to RMB23.2 million for the nine months ended 30 September 2017. The gross profit margin for burial services decreased from 82.3% for the nine months ended 30 September 2016 to 81.9% for the nine months ended 30 September 2017, primarily due to an increase in cost of burial-related services.

The gross profit for cemetery maintenance was RMB1.9 million and RMB1.8 million for the nine months ended 30 September 2016 and 2017, respectively. The gross profit margin for cemetery decreased from 92.1% for the nine months ended 30 September 2016 to 77.4% for the nine months ended 30 September 2017, primarily due to an increase in the cost of gardening.

### ***Other income***

Our other income decreased by 27.6% from RMB6.7 million for the nine months ended 30 September 2016 to RMB4.8 million for the nine months ended 30 September 2017. This decrease was primarily due to a decrease in interest income on loan receivables in the nine months ended 30 September 2017 following the repayment of certain loans by an independent third party.

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

Our distribution and selling expenses increased by 14.0% from RMB2.7 million for the nine months ended 30 September 2016 to RMB3.1 million for the nine months ended 30 September 2017. This increase was primarily due to an increase in (1) commission paid to partnered funeral service providers and (2) salary and staff costs.

### ***Administrative expenses***

Our administrative expenses increased by 86.6% from RMB1.6 million for the nine months ended 30 September 2016 to RMB3.1 million for the nine months ended 30 September 2017. This increase was primarily due to (1) our business expansion and (2) an increase in salary and staff costs.

### ***Initial public offering expenses***

Our initial public offering expenses increase from nil for the nine months ended 30 September 2016 to RMB14.3 million for the nine months ended 30 September 2017, primarily due to fees and expenses we incurred from professional advisers in connection with the preparation of the Listing.

### ***Finance costs***

Our finance costs decreased from RMB3.9 million for the nine months ended 30 September 2016 to nil for the nine months ended 30 September 2017. This decrease was primarily due to the full repayment of certain bank loans in 2016.

### ***Income tax expenses***

Our income tax expense decreased by 6.9% from RMB3.4 million for the nine months ended 30 September 2016 to RMB3.1 million for the nine months ended 30 September 2017, primarily due to a decrease in assessable profit resulting from the increase of initial public offering expenses.

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

As a result of the foregoing, our profit and total comprehensive income for the period decreased by 47.3% from RMB11.9 million for the nine months ended 30 September 2016 to RMB6.3 million for the nine months ended 30 September 2017. Our net profit margin decreased from 58.8% for the nine months ended 30 September 2016 to 20.5% for the nine months ended 30 September 2017, primarily due to the fees and expenses incurred from professional advisers in connection with the preparation of Listing in the nine months ended 30 September 2017.

### **Prospects**

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

### **Capital Structure**

On 23 May 2017, the authorized share capital of the Company was increased to US\$30,000,000 by the creation of an additional 2,999,950,000 ordinary shares with a par value of US\$0.01.

On 27 September 2017, pursuant to the Global Offering, new shares including a public offer of 125,000,000 shares of the Company and international placing of 125,000,000 new shares of the Company have been issued on 27 September 2017 at the offer price of HK\$0.28 per share.

On 27 September 2017, 749,990,000 shares under Capitalization Issue be allotted and issued by capitalizing US\$7,499,900 standing to the credit of the share premium account of the Company.

### **Fund Raising Activities**

On 27 September 2017, based on the Offer Price of HK\$0.28 per Offer Share and 250,000,000 Offer Shares, after deducting the underwriting commission and fees and other estimated expenses payable by the Company in relation to the Global Offering, the proceeds of approximately HK\$45.6 million was received by the Company.

### **Use of Proceeds from the Listing**

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

Since the date of Listing and up to 30 September 2017, the net proceeds has not been applied to any uses according to the Prospectus. After the reporting period and up to the date of this announcement, the Company has performed the preliminary site visiting and research for some

potential acquisition opportunities for the purpose of pursuing strategic alliance and acquisition opportunities according to the future plans under the Prospectus, and it is in a preliminary stage that no agreement has been entered yet.

### Foreign Exchange Exposure

The Group mainly operates in the PRC and most of its operating transactions are settled in RMB. Most of its assets and liabilities are denominated in RMB. Although the Group may be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group did not adopt formal hedging policies and no instruments have been applied for foreign currency hedging purposes during the Reporting Period.

### Contingent Liabilities and Capital Commitment

As at 30 September 2017, the Group did not have any material contingent liabilities or capital commitment.

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

As at 30 September 2017, the interests and short positions of each of the Directors and chief executive and their associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### (a) Long Positions in the Shares

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

Notes:

- (1) The letter "L" denotes long position of the Shares of the Company.
- (2) 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 30 September 2017.

Save as disclosed above, as at 30 September 2017, none of the Directors or chief executive of the Company or their associates (as defined in the GEM Listing Rules) had an interest or short position in any Shares, underlying Shares or 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 interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2017, so far as was known to the Directors, the following persons/entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

### **Long Position in the Shares**

<b>Name</b>	<b>Capacity/Nature of interests</b>	<b>Number of Shares held (Note 1)</b>	<b>Percentage of Shareholding (Note 5)</b>
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%

#### *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 on the trusts of The Hope Trust, which is a discretionary trust set up by Ms. Zhao Ying, the chairman and non-executive Director of the Company. TMF (Cayman) Ltd. directly holds the entire issued share capital of Lily Charm Holding Limited. Therefore, TMF is deemed to be interested in 750,000,000 Shares of the Company.
- (5) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at 30 September 2017.

Save as disclosed above, as at 30 September 2017, the Directors are not aware of any other person or corporation (except disclosed below under “Other persons’ interests and short positions in the Shares and underlying Shares of the Company”) other than the Directors and the chief executive of the Company who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debenture of the Company and its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO; or who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

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

As at 30 September 2017, so far as was known to the Directors, the following persons/entities (not being Directors or chief executive or substantial shareholders of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### **Long Position in the Shares**

<b>Name of shareholders</b>	<b>Capacity/Nature of Interests</b>	<b>Number of Shares held (Note 1)</b>	<b>Percentage of shareholding (Note 3)</b>
Fairich Trading Limited	Beneficial owner	99,000,000 (L)	9.9%
Ms. Xing Junying	Interest in a controlled corporation (Notes 2)	99,000,000 (L)	9.9%

#### *Notes:*

- (1) The letter “L” denotes the entity/person’s long position in the Shares.
- (2) Fairich Trading Limited is directly wholly owned by Ms. Xing Junying.
- (3) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at 30 September 2017.

Save as disclosed above, as at 30 September 2017, the Directors are not aware of any other person or corporation other than the Directors, the chief executive and substantial shareholders of the Company who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debenture of the Company and its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## **PURCHASES, SALE OR REDEMPTION OF COMPANY’S LISTED SECURITIES**

As the Shares of the Company were listed on GEM on 27 September 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities after the date of Listing and up to the date of this announcement.

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

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

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

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

## **COMPLIANCE ADVISER'S INTERESTS**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Innovax Capital Limited ("Innovax Capital") to be the compliance adviser of the Company. As informed by Innovax Capital, as at 30 September 2017, neither Innovax Capital, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) has or many have, any interests in the securities of the Company or any other companies of the Group pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Innovax Capital dated 28 March 2017.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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

## **CORPORATE GOVERNANCE PRACTICES**

The Board recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve accountability. In the opinion of the Board, the Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules during the period from the date of Listing to 30 September 2017.

## **AUDIT COMMITTEE**

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

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

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

Hong Kong, 6 November 2017

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