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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8199)

FIRST QUARTERLY ANNOUNCEMENT
2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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 that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of China Wan Tong Yuan (Holdings) Limited 中國萬桐園(控股)有限公司 (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on the bases and assumptions that are fair and reasonable.

This announcement will be available on the Company’s website at www.lfwt.com and will remain on the “Latest Listed Company Information” page on the GEM website at 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 ended 31 March 2019 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2018 (the “Previous Period”) as follows:

FINANCIAL HIGHLIGHTS

The unaudited revenue of the Group amounted to approximately RMB9,958,000 (three months ended 31 March 2018: RMB14,892,000) for the Period which represented a decrease of RMB4,934,000 or 33.1% as compared with the Previous Period.

The profit attributable to owners of the Company was RMB3,734,000 (three months ended 31 March 2018: RMB11,548,000) for the Period, which represented a decrease of RMB7,814,000 or 67.7% as compared with the Previous Period.

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

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

For the three months ended 31 March 2019

	<i>Notes</i>	Three months ended 31 March (Unaudited)	
		2019 RMB'000	2018 RMB'000
Revenue	3	9,958	14,892
Cost of sales and services		<u>(1,417)</u>	<u>(1,911)</u>
Gross profit		8,541	12,981
Other income		1,373	6,134
Other losses		(1,097)	(2,156)
Distribution and selling expenses		(1,335)	(1,487)
Administrative expenses		<u>(2,018)</u>	<u>(1,190)</u>
Profit before taxation		5,464	14,282
Income tax expense	4	<u>(1,730)</u>	<u>(2,734)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>3,734</u>	<u>11,548</u>
Earnings per share			
— Basic (RMB)	5	<u>0.004</u>	<u>0.012</u>

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

For the three months ended 31 March 2019

	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 2018	<u>66,192</u>	<u>4,043</u>	<u>1,309</u>	<u>16,883</u>	<u>88,427</u>
Fair value gain on equity securities upon initial application of IFRS 9 (<i>note</i>)	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,256</u>	<u>12,256</u>
At 1 January 2018 (after adjustment)	<u>66,192</u>	<u>4,043</u>	<u>1,309</u>	<u>29,139</u>	<u>100,683</u>
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,548</u>	<u>11,548</u>
Transfer to statutory surplus reserve	<u>—</u>	<u>1,429</u>	<u>—</u>	<u>(1,429)</u>	<u>—</u>
At 31 March 2018	<u><u>66,192</u></u>	<u><u>5,472</u></u>	<u><u>1,309</u></u>	<u><u>39,258</u></u>	<u><u>112,231</u></u>
At 1 January 2019	<u>66,192</u>	<u>6,766</u>	<u>1,309</u>	<u>54,663</u>	<u>128,930</u>
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,734</u>	<u>3,734</u>
Transfer to statutory surplus reserve	<u>—</u>	<u>599</u>	<u>—</u>	<u>(599)</u>	<u>—</u>
At 31 March 2019	<u><u>66,192</u></u>	<u><u>7,365</u></u>	<u><u>1,309</u></u>	<u><u>57,798</u></u>	<u><u>132,664</u></u>

Note: Upon initial application of IFRS 9, fair value gains related to equity securities, representing the differences between cost less impairment and fair value would be adjusted to retained earnings as at 1 January 2018 and deferred tax liabilities at 1 January 2018 would increase with the corresponding deferred tax charged to retained earnings as at 1 January 2018.

NOTES:

1. CORPORATE INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of the Exchange. The registered office of the Company is 2nd Floor, The Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands. The Company's principal place of business in Hong Kong is Room 907B, 9th floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

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

The unaudited condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousands except when otherwise indicated. The condensed consolidated financial statements for the three months ended 31 March 2019 (the “First Quarterly Financial Statements”) are unaudited but were reviewed by the audit committee of the Company (the “Audit Committee”) and approved for issue by the Board on 6 May 2019.

2. BASIS OF PREPARATION

The First Quarterly Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The First Quarterly Financial Statements do not include all the information required in annual financial statements in accordance with International Financial Reporting Standards (the “IFRSs”) issued by International Accounting Standard Board (the “IASB”), and should be read in conjunction with the annual report for the year ended 31 December 2018 (the “2018 Annual Report”).

The accounting policies and methods of computation adopted in the preparation of the First Quarterly Financial Statements are consistent with those followed in preparing the 2018 Annual Report except for the adoption of new and amendments to IFRSs that are effective from 1 January 2019. In addition, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

The preparation of the First Quarterly Financial Statements in conformity with IFRSs requires the use of certain critical accounting estimates. The significant judgments, estimates and assumptions applied in the preparation of the First Quarterly Financial Statements are consistent with those used in 2018 Annual Report.

3. REVENUE

The Group's revenue is generated in the PRC based on where goods are sold or services are rendered.

	Three months ended	
	31 March	
	(Unaudited)	
	2019	2018
	RMB'000	RMB'000
Sales of burial plots and columbarium units and provision of other burial-related services	8,995	14,246
Provision of cemetery maintenance	963	646
	9,958	14,892

4. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	(Unaudited)	
	2019	2018
	RMB'000	RMB'000
Current enterprise income tax	1,730	2,734
Deferred tax	—	—
	1,730	2,734

5. EARNINGS PER SHARE

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

	Three months ended 31 March (Unaudited)	
	2019	2018
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<u>3,734</u>	<u>11,548</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>1,000,000,000</u>	<u>1,000,000,000</u>

- (b) No diluted earnings per share for the three months ended 31 March 2019 and 2018 was presented as there were no potential ordinary shares in issue.

6. DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

7. EVENTS AFTER REPORTING PERIOD

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 and columbarium units, provision of other burial-related services and provision of cemetery maintenance services.

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

The Group's burial service consists primarily of (1) sale of burial plots and columbarium units, which includes the right to use the burial plots and headstones and other ancillary products to be used on the burial plots, and the right to use the columbarium units; and (2) 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. Burial service is the largest component of the Group's revenue, representing 90.3% of its revenue for the three months ended 31 March 2019 (2018: 95.7%). The Group's revenue from burial service, in particular, the sale of burial plots, for a given period is dependent upon the number and the average selling price of burial plots sold and recognized as revenue during the period.

Providing cemetery maintenance services

The Group provides ongoing cemetery maintenance services as an integral part of its burial service to maintain its beautiful landscaped cemetery. Customers pay for maintenance fees upfront when they sign the sales contracts to purchase the burial plots. The Group's revenue from cemetery maintenance was RMB963,000 for the three months ended 31 March 2019 (2018: RMB646,000).

Financial Review

Revenue

The Group's revenue decreased by 33.1% from RMB14.9 million for the three months ended 31 March 2018 to RMB10.0 million for the three months ended 31 March 2019, primarily due to (1) the Group did not record revenue from the sale of columbarium units during the Period as compared to approximately RMB2.8 million of such revenue recorded in the Previous Period; and (2) the decrease in number of burial plots sold. The Group's revenue from burial service decreased by 36.9% from RMB14.2 million for the three months ended 31 March 2018 to RMB9.0 million for the three months ended 31 March 2019, primarily due to same reason as explained above.

Cost of sales and services

The Group's cost of sales and services decreased by 25.9% from RMB1.9 million for the three months ended 31 March 2018 to RMB1.4 million for the three months ended 31 March 2019. The Group's cost of sales and services for burial service decreased by 30.2% from RMB1.9 million for the three months ended 31 March 2018 to RMB1.3 million for the three months ended 31 March 2019, primarily due to the decrease in volume of sales of burial plots and columbarium units and other burial-related services.

The Group's cost of sales and services for cemetery maintenance was RMB0.04 million and RMB0.1 million for the three months ended 31 March 2018 and 2019, respectively, which is considered fairly stable in terms of absolute amount.

The Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 34.2% from RMB13.0 million for the three months ended 31 March 2018 to RMB8.5 million for the three months ended 31 March 2019. The Group's overall gross profit margin decreased from 87.2% for the three months ended 31 March 2018 to 85.8% for the three months ended 31 March 2019.

The Group's gross profit for burial service decreased by 37.9% from RMB12.4 million for the three months ended 31 March 2018 to RMB7.7 million for the three months ended 31 March 2019. The gross profit margin for burial service decreased from 86.9% for the three months ended 31 March 2018 to 85.5% for the three months ended 31 March 2019, primarily due to the sale of columbarium units in 2018 with higher gross profit margin.

The gross profit for cemetery maintenance was RMB0.6 million and RMB0.9 million for the three months ended 31 March 2018 and 2019, respectively. The gross profit margin for cemetery maintenance decreased from 93.3% for the three months ended 31 March 2018 to 88.3% for the three months ended 31 March 2019, which is considered fairly stable in terms of absolute amount.

Other income

The Group's other income decreased by 77.6% from RMB6.1 million for the three months ended 31 March 2018 to RMB1.4 million for the three months ended 31 March 2019. This decrease was primarily due to a decrease in dividends received from equity securities in the three months ended 31 March 2019 with part of the investments being disposed of in August 2018.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by 10.2% from RMB1.5 million for the three months ended 31 March 2018 to RMB1.3 million for the three months ended 31 March 2019. This decrease was primarily due to the decrease in sales.

Administrative expenses

The Group's administrative expenses increased by 69.6% from RMB1.2 million for the three months ended 31 March 2018 to RMB2.0 million for the three months ended 31 March 2019. This increase was primarily due to (1) increase in professional fees; and (2) an increase in salary and staff costs.

Income tax expense

The Group's income tax expense decreased by 36.7% from RMB2.7 million for the three months ended 31 March 2018 to RMB1.7 million for the three months ended 31 March 2019, primarily due to a decrease in assessable profit resulting from the decrease in revenue.

Profit and total comprehensive income for the period

As a result of the foregoing, the Group's profit and total comprehensive income for the period decreased by 67.7% from RMB11.5 million for the three months ended 31 March 2018 to RMB3.7 million for the three months ended 31 March 2019. The Group's net profit margin decreased from 77.5% for the three months ended 31 March 2018 to 37.5% for the three months ended 31 March 2019, primarily due to the decrease in revenue and the increase in professional fees in the three months ended 31 March 2019.

Prospects

The Group aspires to strengthen its market position in Langfang and expand its business in the Jing-Jin-Ji megalopolis and beyond through (1) expanding its business scope to provide funeral services; (2) tapping further into the burial services market in the Jing-Jin-Ji megalopolis; (3) providing columbarium collective storage services, actively cooperating and supporting the government's city demolition and transformation plan; and (4) pursuing strategic alliance and acquisition opportunities. The Directors are confident that the Group's core business can be strengthened with its commitment and innovation.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the listing date to 31 March 2019 is set out below:

Objectives	Implementation plan up to 31 March 2019	Actual business progress up to 31 March 2019
Strengthening our market position in Langfang	Upgrading the main entrance area and western internal road of cemetery	Upgrading for the greening appearance of main entrance of the cemetery is underway, while that of the main entrance and western roads and passages completed
	Purchasing and upgrading current facilities and machineries (such as waste incinerators and lawn mowers) for gardening and interment rituals	Having purchased the lawn mowers and watering cart; purchased and installed incinerators
	Commencing the development of the "Rose" Garden	Planned to develop and renamed "Rose" Garden to "Pine" Garden
	Designing family graves	Family graves and other types of graves were designed
	Maintaining and expanding the cooperation with local funeral services providers and promoting brand awareness with new advertisement boards	Having expanded cooperation with local funeral service providers with three new advertisement boards in store
	Designing tree burial, flower burial services and sea burial services; starting to provide tree burial services	Flower burial, tree burial and sea burial had been designed; started providing flower burial and tree burial services

Objectives	Implementation plan up to 31 March 2019	Actual business progress up to 31 March 2019
Commencing the construction of family graves in crypt-style and hill-style	Having constructed the family graves in crypt-style and small courtyard-style	
Polishing an artificial hill in the northern part of cemetery	Comprehensive design planning and upgrading in accordance to the change of market environment is in progress, implementation details need to be further refined	
Upgrading the monitoring system and the main and northern roads and passages in our cemetery	Same as explained above	
Building a platform to conduct public memorial ceremonies	Same as explained above	
Promoting the brand by cooperation with various communities	Promotion in progress	
Upgrading the gardening, designing and building the landscape connecting different gardens in our cemetery	Completed the gardening and building the landscape and installations	
Further developing our artistic burial plots areas	Upgrade of pathways had been completed with additional pine trees with design	
Designing memorial for the body donors	Refining the design of memorial	

Objectives	Implementation plan up to 31 March 2019	Actual business progress up to 31 March 2019
Expanding our business scope to provide funeral services	Locating, leasing, designing and decorating premises for the operation of funeral services	Formation of Langfang Funeral Home, have set up office point and sent specialists to on-site
	Commencing the business of funeral services	Having completed the construction of funeral hall and started providing improved interment ritual services
	Purchasing funeral vehicles	Funeral vehicles had been purchased
	Recruiting and training ten funeral services staff	Including the manager of the funeral service centre, six persons were recruited and over 10 people in training
	Operating the funeral services center and conducting marketing activities through public media (such as local newspaper)about funeral services	Preparation in progress
	Expanding our funeral services business by establishing our first funeral services store in living community for marketing purpose	Still in progress searching for an appropriate venue
	Purchasing automobile for business operations	Purchased two electric vehicles

Objectives	Implementation plan up to 31 March 2019	Actual business progress up to 31 March 2019
Tapping further into the burial market in the Jing-Jin-Ji megalopolis & pursuing strategic alliance and acquisition opportunities	Liaising and cooperating with more Beijing-based funeral services providers and mortuaries	Liaising and cooperating with five Beijing-based funeral services providers and mortuaries were completed, and in continuous expansion
	On-site promotion in Beijing	Four shops were confirmed to cooperate, and the Group is negotiating with various parties
	Establishing the first Beijing-based store for marketing purpose	Temporarily not set up
	Preliminary site visiting and investigating several potential targets for acquisition, if there would be any suitable ones	Having conducted site visits to projects in various regions like Beijing, Tianjin, Hebei, etc. One to three projects are selected for further investigations. No agreement entered nor any initial payment made during the initial stage
	Conducting due diligence and entering into framework agreement with suitable acquisition target	Same as explained above
	Entering into the acquisition agreement and paying the first installment, if there would be any suitable target	Same as explained above

Use of Proceeds from the Global Offering

The net proceeds raised from the Global Offering of the Company was intended to be used as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

During the implementation of the plans, there were certain delays due to (1) the Group’s prudent approach for the upgrades of the main entrance area and roads and passages in the cemetery, and the building of a platform to conduct public memorial ceremonies; (2) the lengthy negotiation procedures with certain external funeral services providers for the details of service contracts; and (3) the Group’s prudent approach in evaluating the price and compliance with relevant laws and regulations of the potential target projects when seeking strategic alliance and acquisition opportunities.

The Group is currently refining the implementation details of these plans and will continue to utilize the net proceeds for the business objectives described in the Prospectus. The analysis of such utilization from the listing date up to 31 March 2019 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2019	Actual use of net proceeds up to 31 March 2019
	<i>RMB</i>	<i>RMB</i>
Strengthening our market position in Langfang	12.4 million	5.51 million
Expanding our business scope of providing funeral services	8.0 million	0.25 million
Exploring new burial market in the Jing-Jin-Ji megalopolis & pursuing strategic alliance and acquisition opportunities	12.6 million	0.51 million

Foreign Exchange Exposure

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

Contingent Liabilities and Capital Commitment

As at 31 March 2019, the Group did not have any material contingent liabilities or capital commitment.

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

As at 31 March 2019, 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 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 Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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

Notes:

- (1) The letter “L” refers to the long position of the Shares of the Company.
- (2) Ms. Zhao Ying is the chairman and the non-executive director of the Company. She is the settlor, sole member of The Hope Trust’s protective committee and a beneficiary of The Hope Trust, which is a discretionary trust and TMF (Cayman) Ltd. is on the trusts of The Hope Trust. TMF (Cayman) Ltd. wholly owns the entire share capital of Lily Charm Holding Limited. Lily Charm Holding Limited wholly owns the entire issued share capital of Tai Shing International Investment Company Limited. Therefore, Ms. Zhao Ying is deemed to be interested in the 750,000,000 Shares directly held by Tai Shing International Investment Company Limited.
- (3) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which would have to be notified to the Company and the 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 Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2019, so far as was known to the Directors, the following persons/entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Name of Shareholders	Capacity/nature of interests	Number and class of Securities (note 1)	Percentage of Shareholding (note 5)
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" refers to the entity/person's long position in the Shares.
- (2) Tai Shing International Investment Company Limited directly holds 750,000,000 Shares of the Company.
- (3) Lily Charm Holding Limited holds the entire of issued share capital of Tai Shing International Investment Company Limited, thus Lily Charm Holding Limited is deemed to be interested in the 750,000,000 Shares of the Company.
- (4) TMF (Cayman) Ltd. is the trustee of The Hope Trust, which is a discretionary trust set up by Ms. Zhao Ying, the chairman and non-executive Director of the Company. TMF (Cayman) Ltd. directly holds the entire issued share capital of Lily Charm Holding Limited. Therefore, TMF is deemed to be interested in 750,000,000 Shares of the Company.
- (5) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any other persons, except disclosed below under “Other persons’ interests and short positions in the Shares and underlying Shares of the Company” other than the Directors and chief executive of the Company who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debenture of the Company and its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO; or who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

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

As at 31 March 2019, so far as was known to the Directors, the following persons/entities (not being Directors or chief executive or substantial shareholders of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the Shares.
- (2) Fairich Trading Limited is directly wholly owned by Ms. Xing Junying.
- (3) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, the Directors are not aware of any other person or corporation other than the Directors, chief executive and substantial shareholders of the Company who had, or was deemed to have, interests or short positions in the Shares, underlying Shares and debenture of the Company and its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASES, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

The Company's shares were listed on GEM on 27 September 2017. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2019.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' 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 associates (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 and funeral services that the Group plans to expand into or own any rights or interests in such businesses.

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

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

COMPLIANCE ADVISER'S INTERESTS

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Innovax Capital Limited (“Innovax Capital”) as the compliance adviser of the Company. As informed by Innovax Capital, as at 31 March 2019, neither Innovax Capital, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) has or may have, any interests in the securities of the Company or any other companies of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Innovax Capital dated 28 March 2017.

DIRECTORS' SECURITIES TRANSACTIONS

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

CORPORATE GOVERNANCE PRACTICES

The Board recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve accountability. In the opinion of the Board, the Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules during the period from the date of Listing to 31 March 2019.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference with Rules 5.28 to 5.29 of the GEM Listing Rules and code provisions 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 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 May 2019

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.