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**萬桐園**

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

**中國萬桐園(控股)有限公司**

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

**(Stock code: 6966)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board of directors (the “Board”) of China Wan Tong Yuan (Holdings) Limited (the “Company”) hereby presents the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months (the “Half-Yearly Period”) ended 30 June 2022 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2021 as follows:

**FINANCIAL HIGHLIGHTS**

The unaudited revenue of the Group amounted to approximately RMB23,796,000 (six months ended 30 June 2021: RMB20,745,000) for the Period which represented an increase of RMB3,051,000 or 14.7% as compared with the corresponding period in 2021.

The profit attributable to owners of the Company was RMB13,740,000 (six months ended 30 June 2021: RMB7,655,000) for the Period, which represented an increase of RMB6,085,000 or 79.5% as compared with the same period in last year.

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

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

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>Six months ended</b>	
		<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	4	<b>23,796</b>	20,745
Cost of sales and services		<b>(8,395)</b>	(3,349)
Gross profit		<b>15,401</b>	17,396
Other income	5	<b>8,365</b>	2,298
Other gains and losses, net	6	<b>1,784</b>	(464)
Loss on fair value changes of financial assets at fair value through profit or loss	13	<b>(822)</b>	(422)
Gain/(loss) on fair value change of investment property	11	<b>10</b>	(110)
Distribution and selling expenses		<b>(3,406)</b>	(3,573)
Administrative expenses		<b>(3,917)</b>	(3,750)
Finance costs		<b>(19)</b>	(765)
Profit before tax	7	<b>17,396</b>	10,610
Income tax expense	8	<b>(3,656)</b>	(2,955)
Profit and total comprehensive income for the period attributable to owners of the Company		<b>13,740</b>	7,655
Earnings per share			
Basic (RMB cents)	9	<b>1.4</b>	0.8

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

		At 30 June 2022	At 31 December 2021
	<i>Notes</i>	<b>RMB'000</b> (unaudited)	<b>RMB'000</b> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		3,923	4,267
Intangible assets		152	152
Right-of-use assets		899	48
Investment property	11	6,260	6,250
Cemetery assets	12	9,906	9,837
Financial assets at fair value through profit or loss	13	7,344	8,166
Prepayments and other receivables	14	36,297	35,143
Deferred tax assets		593	824
		<b>65,374</b>	<b>64,687</b>
<b>Current assets</b>			
Inventories		22,527	23,834
Prepayments and other receivables	14	516	841
Amounts due from related parties	19	113,054	105,349
Bank balances and cash		91,716	84,428
		<b>227,813</b>	<b>214,452</b>
<b>Current liabilities</b>			
Trade and other payables	15	10,132	11,938
Lease liabilities		625	15
Contract liabilities	16	6,830	7,372
Income tax payable		1,156	1,125
		<b>18,743</b>	<b>20,450</b>
<b>Net current assets</b>		<b>209,070</b>	<b>194,002</b>
<b>Total assets less current liabilities</b>		<b>274,444</b>	<b>258,689</b>

		At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
<b>Non-current liabilities</b>			
Lease liabilities		316	—
Contract liabilities	16	67,876	67,261
Deferred tax liabilities		4,350	3,266
		<u>72,542</u>	<u>70,527</u>
<b>Net assets</b>		<u>201,902</u>	<u>188,162</u>
<b>Capital and reserves</b>			
Share capital	17	66,192	66,192
Reserves		135,710	121,970
		<u>201,902</u>	<u>188,162</u>
<b>Equity attributable to owners of the Company</b>		<u>201,902</u>	<u>188,162</u>
<b>TOTAL EQUITY</b>		<u>201,902</u>	<u>188,162</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2022*

	<u>Attributable to owners of the Company</u>				
	<b>Share capital</b>	<b>Statutory surplus reserve</b>	<b>Other reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2021 (audited)	66,192	12,143	1,309	90,378	170,022
Profit and total comprehensive income for the period	—	—	—	7,655	7,655
Transfer to statutory surplus reserve	—	997	—	(997)	—
At 30 June 2021 (unaudited)	<u>66,192</u>	<u>13,140</u>	<u>1,309</u>	<u>97,036</u>	<u>177,677</u>
At 1 January 2022 (audited)	66,192	14,530	1,309	106,131	188,162
Profit and total comprehensive income for the period	—	—	—	13,740	13,740
Transfer to statutory surplus reserve	—	1,097	—	(1,097)	—
At 30 June 2022 (unaudited)	<u>66,192</u>	<u>15,627</u>	<u>1,309</u>	<u>118,774</u>	<u>201,902</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>6,843</b>	<b>(21,783)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(163)	(1,190)
Proceeds on disposal of property, plant and equipment	—	20
Purchase of landscape facilities included in cemetery assets	(301)	—
Interest received	432	860
Dividend income received from financial assets at fair value through profit or loss	700	700
Placement of term deposits	—	(11,200)
Withdrawal of term deposits	11,200	—
<b>Net cash generated from/(used in) investing activities</b>	<b>11,868</b>	<b>(10,810)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of leases liabilities	(343)	(316)
<b>Net cash used in financing activities</b>	<b>(343)</b>	<b>(316)</b>
Net increase/(decrease) in cash and cash equivalents	18,368	(32,909)
Cash and cash equivalents at the beginning of period	73,228	143,830
Effect of foreign exchange rate changes	120	(452)
Cash and cash equivalents at the end of period, represented by:		
Bank balances and cash	91,716	175,469
Less: bank deposits with original maturity over three months	—	(65,000)
<b>Cash and cash equivalents at the end of the period</b>	<b>91,716</b>	<b>110,469</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 1. GENERAL

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 principal activity of the Company is investment holding. Its subsidiaries are primarily engaged in the sale of burial plots and columbarium units, provision of other burial-related services and provision of cemetery maintenance services in the People’s Republic of China (“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 condensed 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. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “*Interim Financial Reporting*” issued by the International Accounting Standards Board, as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment property and certain financial instruments which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

## Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

The application of the amendments to IFRS in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 4. REVENUE AND SEGMENT INFORMATION

### 4.1 Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2022		
	Sales of burial plots, columbarium units and provision of other burial- related services <i>RMB'000</i> (unaudited)	Provision of cemetery maintenance services <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Types of goods and service			
Sales of burial plots	10,620	—	10,620
Provision of other burial-related services	10,728	—	10,728
Provision of cemetery maintenance services	—	2,448	2,448
Total	<u>21,348</u>	<u>2,448</u>	<u>23,796</u>
Timing of revenue recognition			
A point in time	18,249	—	18,249
Over time	3,099	2,448	5,547
Total	<u>21,348</u>	<u>2,448</u>	<u>23,796</u>

	For the six months ended 30 June 2021		
	Sales of burial plots, columbarium units and provision of other burial- related services <i>RMB'000</i> (unaudited)	Provision of cemetery maintenance services <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)

Types of goods and service

Sales of burial plots	16,188	—	16,188
Provision of other burial-related services	2,323	—	2,323
Provision of cemetery maintenance services	—	2,234	2,234

Total	<u>18,511</u>	<u>2,234</u>	<u>20,745</u>
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Timing of revenue recognition

A point in time	16,188	—	16,188
Over time	2,323	2,234	4,557

Total	<u>18,511</u>	<u>2,234</u>	<u>20,745</u>
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All of the Group's revenue is from contracts with customers and generated 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.

## 4.2 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 reporting 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*

*For the six months ended 30 June 2022 (unaudited)*

	<b>Sales of burial plots, columbarium units and provision of other burial- related services RMB’000</b>	<b>Provision of cemetery maintenance services RMB’000</b>	<b>Total RMB’000</b>
Segment revenue	<u>21,348</u>	<u>2,448</u>	<u>23,796</u>
Segment results	<u>13,116</u>	<u>2,285</u>	<u>15,401</u>
Other income			8,365
Other gains and losses, net			1,784
Loss on fair value changes of financial assets at fair value through profit or loss (“FVTPL”)			(822)
Gain on fair value change of investment property			10
Distribution and selling expenses			(3,406)
Administrative expenses			(3,917)
Finance costs			<u>(19)</u>
Profit before tax			<u><u>17,396</u></u>

For the six months ended 30 June 2021 (unaudited)

	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	18,511	2,234	20,745
Segment results	15,424	1,972	17,396
Other income			2,298
Other losses			(464)
Loss on fair value changes of financial assets at FVTPL			(422)
Loss on fair value change of investment property			(110)
Distribution and selling expenses			(3,573)
Administrative expenses			(3,750)
Finance costs			(765)
Profit before tax			<u>10,610</u>

Segment results represent the gross profit attributable to each segment without allocation of other income, other gains and losses, loss on fair value changes of financial assets at FVTPL, gain/(loss) 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 purpose of resource allocation and performance assessment. There were no inter-segment revenue during the current and prior periods. No analysis of segment assets and liabilities is presented as it is not regularly reviewed by the CODM.

## 5. OTHER INCOME

	Six months ended 30 June	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
Interest income on bank deposits	432	1,503
Dividend income from financial assets at FVTPL	700	700
Government grant	21	—
Rental income	95	95
Interest income on amounts due from related parties	5,963	—
Imputed interest income on interest-free advance payment and deposit paid	1,154	—
	<u>8,365</u>	<u>2,298</u>

## 6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Gain on disposal of property, plant and equipment	—	19
Foreign exchange gains/(losses)	1,784	(483)
	<u>1,784</u>	<u>(464)</u>

## 7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	507	484
Depreciation of right-of-use assets	343	288
Amortisation of cemetery assets (included in cost of sales and services)	232	236
	<u>1,082</u>	<u>1,008</u>
Total depreciation and amortisation	1,082	1,008
Cost of inventories recognised as an expense	1,307	2,144
Staff costs, including Directors' remuneration:		
Salaries, wages and other benefits	3,490	3,093
Retirement benefits scheme contributions	235	175
	<u>3,725</u>	<u>3,268</u>
Total staff costs	3,725	3,268

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current enterprise income tax	2,341	3,222
Over provision in prior years	—	(108)
Deferred tax	1,315	(159)
	<u>3,656</u>	<u>2,955</u>

## 9. 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:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<u>13,740</u>	<u>7,655</u>
<b>Numbers of shares</b>		
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>

No diluted earnings per share was presented as there was no potential ordinary shares in issue for both periods.

## 10. DIVIDENDS

The directors of the Company (the “Directors”) have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2021: nil).

## 11. INVESTMENT PROPERTY

	<i>RMB'000</i>
<b>Fair value</b>	
At 31 December 2021 (audited)	6,250
Gain on fair value change of investment property	<u>10</u>
At 30 June 2022 (unaudited)	<u>6,260</u>

The fair value of the Group’s investment property as at 31 December 2021 and 30 June 2022 have been arrived at based on valuation performed by Vigers Appraisal & Consulting Limited (a member of the Hong Kong Institute of Surveyors) and HG Appraisal & Consulting Limited (a member of the Hong Kong Institute of Surveyors), respectively, both of them are independent qualified professional valuers not connected with the Group. The Directors work closely with the qualified professional valuers to establish the appropriate valuation techniques and inputs to the model.

The fair value of investment property is derived using the direct comparison method. Direct comparison method is by reference to market comparable with adjustments to reflect the additions and locations of the subject property.

There has been no changes in the valuation technique during the current period.

## 12. CEMETERY ASSETS

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Leasehold land	3,943	4,015
Landscape facilities	5,585	5,437
Development costs	378	385
	<u>9,906</u>	<u>9,837</u>

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Unlisted investments: — equity securities	<u>7,344</u>	<u>8,166</u>

At 31 December 2021 and 30 June 2022, the Group had 10% equity interests in Huimin Town Bank Co., Ltd of Anci District, Langfang City (廊坊市安次區惠民村鎮銀行股份有限公司), which was classified as financial assets at FVTPL. During the six months ended 30 June 2022, the amount of loss on fair value changes of financial assets at FVTPL of RMB822,000 (six months ended 30 June 2021: RMB422,000) was charged to profit or loss.

The fair value of financial assets at FVTPL at 30 June 2022 has been arrived at on the basis of valuation carried out by HG Appraisal & Consulting Limited, an independent qualified professional valuer not connected with the Group. The Directors work closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value as at 30 June 2022 (unaudited) RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Financial assets at FVTPL	7,344	Level 3	Market approach: based on the target companies' financial performance and the multiples of comparable companies  The key inputs are:  (1) Price to book ratio ("P/B ratio")  (2) Discount for lack of marketability ("DLOM")	P/B ratio: 0.68 (note) DLOM: 30%

*Note:* An increase in the P/B ratio used in isolation would result in an increase in the fair value measurement of the financial assets at FVTPL, and vice versa. A 5% increase/decrease in the P/B ratio holding all other variables constant would increase/decrease the carrying amount of the investment by RMB367,000 (2021: RMB424,000).

#### 14. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Current		
Staff advance	30	30
Prepayments	101	398
Others	385	413
	<u>516</u>	<u>841</u>
Non-current		
Guarantee deposits and payments for a cemetery project (note (a))	8,671	8,437
Other receivables (note (b))	27,626	26,706
	<u>36,297</u>	<u>35,143</u>

Notes:

- (a) The amount represented the interest-free guarantee deposits 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 the development of a new cemetery project located in Langfang relocation and settlement zone, Beijing (“Linkong New Cemetery Project”), and should there be no breach on the part of the Group before the official commencement of operation of the cemetery, Xinhangcheng shall within 90 days therefrom refund the guarantee deposit to Langfang Wantong Cemetery Co., Ltd. (“Langfang Wantong”, a subsidiary of the Company). 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 represented the interest-free advance to Baijiawu Office (白家務辦事處, a local government department) in relation to the land demolition for the development of Linkong New Cemetery Project. 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 amount will be recovered in October 2023. 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.

15. TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Trade payables	7,392	8,819
Accrued expenses	<u>2,740</u>	<u>3,119</u>
	<u><b>10,132</b></u>	<u><b>11,938</b></u>

The following is an aged analysis of trade payables presented based on the invoice date at 30 June 2022 and 31 December 2021:

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Less than 1 year	7,116	7,739
1 to 2 years	166	27
2 to 3 years	22	965
Over 3 years	<u>88</u>	<u>88</u>
	<u><b>7,392</b></u>	<u><b>8,819</b></u>

## 16. CONTRACT LIABILITIES

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

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Carrying amount analysed as:		
Amounts shown under current liabilities	6,830	7,372
Amounts shown under non-current liabilities	<u>67,876</u>	<u>67,261</u>
	<u><u>74,706</u></u>	<u><u>74,633</u></u>

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.

## 17. SHARE CAPITAL

	<i>Number of shares</i>	<i>RMB'000</i>
Ordinary shares of United States Dollar 0.01 each Authorised:		
At 1 January 2021, 31 December 2021 and 30 June 2022	<u>3,000,000,000</u>	<u>205,984</u>
Issue and fully paid:		
At 1 January 2021, 31 December 2021 and 30 June 2022	<u>1,000,000,000</u>	<u>66,192</u>

## 18. OPERATING LEASE ARRANGEMENTS

### The Group as lessor

The investment property held by the Group for rental purpose has committed tenants for one year with fixed rental.

At the end of each reporting period, minimum lease payments receivable on leases are as follow:

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Within one year	<u><u>100</u></u>	<u><u>200</u></u>

## 19. RELATED PARTY TRANSACTIONS

### (a) Related party balances

At the end of the reporting period, the Group as lender has loan receivables from China VAST Industrial Urban Development Company Limited (中國宏泰產業市鎮發展有限公司, “China VAST”) and Langfang VAST Urban Development Co., Ltd. (廊坊市宏泰產業市鎮投資有限公司, “Langfang VAST”), whose one of major shareholder is Ms. Zhao, and the details are set out below:

Name of related parties	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
	Non-trade nature	
China VAST ( <i>note</i> )	40,254	36,438
Langfang VAST ( <i>note</i> )	<u>72,800</u>	<u>68,911</u>
Total	<u><u>113,054</u></u>	<u><u>105,349</u></u>

*Note:* On 7 May 2021, the Company entered into the loan agreement with China VAST (the “Loan Agreement”). Pursuant to the Loan Agreement, the Company had conditionally agreed to provide a loan in the principal amount of RMB100,000,000 (or its equivalent in Hong Kong dollars) to China VAST (or its designated nominee) for a term of one year at an interest rate of 12% per annum. Ms. Zhao is the controlling shareholder and a non-executive director of the Company and a major shareholder of China VAST and, accordingly, China VAST was regarded as a related party and a connected person of the Company pursuant to the Listing Rules. The Loan Agreement and the loan contemplated thereunder constituted a major and connected transaction of the Company. The loan was drawn down on 2 July 2021 and was repaid in full subsequent to the balance sheet date (note 21).

### (b) Related party transactions

	Six months ended 30 June	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
Interest income		
China VAST	2,074	—
Langfang VAST	<u>3,889</u>	<u>—</u>
Total	<u><u>5,963</u></u>	<u><u>—</u></u>

(c) **Compensation of key management personnel**

The remuneration of Directors and chief executive, who are also key management, is disclosed as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Salaries and other benefits	<b>819</b>	645
Contribution to retirement benefit scheme	<b>62</b>	36
Discretionary performance-related bonus	<b>272</b>	264
	<b>1,153</b>	<b>945</b>

**20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

Except for the financial assets at FVTPL disclosed in note 13, there are no other financial instruments measured at fair value on a recurring basis. The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flows analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these condensed consolidated financial statements approximate their fair values at the end of each reporting period.

**21. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 16 May 2022, the Company and China VAST entered into the deed of extension (the “Deed of Extension”), pursuant to which the parties have conditionally agreed that, among others, with effect from 2 July 2022, the original repayment date (i.e. 1 July 2022) shall be extended for a period of 24 months, and all the material terms and conditions of the Loan Agreement shall remain in full force and effect.

In the extraordinary general meeting held on 30 June 2022, the resolution in relation to the Deed of Extension was voted on by way of poll, less than 50% of the votes were cast in favour of the resolution, the resolution was not passed by the independent shareholders as an ordinary resolution of the Company. The principal and interest on the loan was fully repaid in July 2022.

## **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 and other ancillary services. Burial service is the largest component of the Group's revenue, representing 89.7% of its revenue for the six months ended 30 June 2022 (2021: 89.2%). 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 by the Group 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 signing the sales contracts to purchase the burial plots. The Group's revenue from cemetery maintenance services was RMB2,448,000 for the six months ended 30 June 2022 (2021: RMB2,234,000).

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by 14.7% from RMB20.7 million for the six months ended 30 June 2021 to RMB23.8 million for the six months ended 30 June 2022, primarily due to the increase in revenue from tomb moving business of RMB7.6 million and the decrease in revenue from the sale of burial plots and burial plots-related services of RMB4.5 million.

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

The Group's cost of sales and services was approximately RMB3.3 million and RMB8.4 million for the six months ended 30 June 2021 and 30 June 2022 respectively, representing an increase of 150.7%, due to the additional cost of tomb moving of RMB6.0 million incurred by the Group during the Period, and decrease in the cost of the sale of burial plots and burial plots-related services.

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

As a result of the foregoing, the Group's gross profit decreased by 11.5% from RMB17.4 million for the six months ended 30 June 2021 to RMB15.4 million for the six months ended 30 June 2022. The Group's overall gross profit margin decreased from 83.9% for the six months ended 30 June 2021 to 64.7% for the six months ended 30 June 2022.

The Group's gross profit for burial service decreased by 15.0% from RMB15.4 million for the six months ended 30 June 2021 to RMB13.1 million for the six months ended 30 June 2022, while the gross profit margin for burial service decreased from 83.3% for the six months ended 30 June 2021 to 61.4% for the six months ended 30 June 2022.

The gross profit for cemetery maintenance was RMB2.0 million and RMB2.3 million for the six months ended 30 June 2021 and 2022, respectively. The gross profit margin for cemetery maintenance increased slightly from 88.3% for the six months ended 30 June 2021 to 93.3% for the six months ended 30 June 2022.

### **Other income**

The Group's other income for the six months ended 30 June 2022 was RMB8.4 million, representing an increase of 264.0% compared to RMB2.3 million for the six months ended 30 June 2021, primarily due to the increase in interest income from related party borrowings of RMB6.0 million in the Period.

### **Distribution and selling expenses**

The Group's distribution and selling expenses decreased by 4.7% from RMB3.6 million for the six months ended 30 June 2021 to RMB3.4 million for the six months ended 30 June 2022.

### **Administrative expenses**

The Group's administrative expenses increased by 4.5% from RMB3.8 million for the six months ended 30 June 2021 to RMB3.9 million for the six months ended 30 June 2022.

### **Income tax expenses**

The Group's income tax expense for the six months ended 30 June 2022 was RMB3.7 million, representing an increase of 23.7% compared to RMB3.0 million for the six months ended 30 June 2021, primarily due to the increase in tax payable on interest income from related party borrowings.

### **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 increased by 79.5% from RMB7.7 million for the six months ended 30 June 2021 to RMB13.7 million for the six months ended 30 June 2022. The Group's net profit margin increased from 36.9% for the six months ended 30 June 2021 to 57.7% for the six months ended 30 June 2022.

### **Liquidity and financial resources**

The Group generally financed its operations with its internally generated cash flows. The Group's total equity was RMB201.9 million as at 30 June 2022, compared to RMB188.2 million as at 31 December 2021. Total assets amounted to RMB293.2 million as at 30 June 2022, compared to RMB279.1 million as at 31 December 2021, of which RMB91.7 million (2021: RMB84.4 million) was bank balances and cash.

### **Capital structure**

The shares of the Company have been listed on the Main Board since 17 December 2019 (the "Listing Date"). There are no material change in the capital structure of the Company since the Listing Date. The capital of the Group comprises only ordinary shares.

### **Pledge of assets**

There was no charge on the Group's assets as at 30 June 2022 and 31 December 2021.

### **Gearing ratio**

As at 30 June 2022, the gearing ratio of the Group, being total liabilities to total assets, was 31.1% (31 December 2021: 32.6%), which indicates the Group's healthy liquidity position.

### **Material acquisitions, disposals and significant investments**

There were no material acquisitions, disposals or significant investments during the Period.

## **Employee information**

As at 30 June 2022, the Group had a total of 60 employees (30 June 2021: 56 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.

## **Segmental information**

For the six months ended 30 June 2022, the Group has two major operating and reporting segments namely (1) sales of burial plots and columbarium units and provision of other burial-related services and (2) provision of cemetery maintenance service.

## **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 local government's city development plan; and (4) pursuing strategic alliance and acquisition opportunities, and actively develop the JV Cemetery Project.

The Group further strengthens its market position in Langfang by further continuing to innovate and enhance our cemetery operations, upgrading our "Cloud Tomb-sweeping" online sweeping services, diversifying its burial-related services, and enhancing its marketing efforts.

The Group plans to operate its funeral services segment which not only allows the Group to diversify and step into other services areas besides its own products and services, but also enables the Group to maximize the productivity of its existing burial-related professionals and create synergy effects.

In respect of provision of columbarium collective storage service, the Group will continue to cooperate and support the local government's city development plan actively, to provide funeral services and columbarium storage services and undertake tomb moving projects and projects and adding columbarium storage services for multiple villages at Beijing New Airport Zone (Langfang Region).

Due to the impact of epidemic, the development plan in the area of pursuing strategic alliance and acquisition opportunities is delayed and the JV Cemetery Project will be one of the major development projects of the Group. The Group will continue its further communication with related government departments to fasten the strategic planning and development progress. The management believes that the project will facilitate the Group to strengthen and expand its market position in Langfang and Jing-Jin-Ji megalopolis.

The Directors are confident that the Group's core business can be strengthened with its stable and ordered operations and innovation.

## **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 period. 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 of 30 June 2022, the Group did not have any material contingent liabilities.

As at 30 June 2022, the Group did not have capital commitments in respect of expenditure in cemetery assets (2021: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

On 16 May 2022, the Company and China VAST entered into the deed of extension (the "Deed of Extension"), pursuant to which the parties have conditionally agreed that, among others, with effect from 2 July 2022, the original repayment date (i.e. 1 July 2022) shall be extended for a period of 24 months, and all the material terms and conditions of the Loan Agreement shall remain in full force and effect.

In the extraordinary general meeting held on 30 June 2022, the resolution in relation to the Deed of Extension was voted on by way of poll, less than 50% of the votes were cast in favour of the resolution, the resolution was not passed by the independent shareholders as an ordinary resolution of the Company. The principal and interest on the loan was fully repaid in July 2022.

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

As of 30 June 2022, 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 Appendix 10 of the Listing Rules, were as follows:

<b>Name of the Director</b>	<b>Capacity/nature of interests</b>	<b>Number and class of Securities</b>	<b>Percentage of Shareholding (Note 3)</b>
Ms. Zhao Ying (Note 2)	Founder of a discretionary trust who can influence how the trustee exercises its discretion	700,000,000 (L) (Note 1)	70% (Note 3)

*Notes:*

- (1) The letter “L” refers to the long position of the Shares.
- (2) Ms. Zhao Ying is the chairman and a 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 with TMF (Cayman) Ltd. as trustee. 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 700,000,000 Shares directly held by Tai Shing International Investment Company Limited under Part XV of the SFO.
- (3) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as of 30 June 2022.

Save as disclosed above, as of 30 June 2022, 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 Appendix 10 of the Listing Rules.

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

As of 30 June 2022, 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:

<b>Name of Shareholder</b>	<b>Capacity/nature of interests</b>	<b>Number and class of Securities</b> <i>(Note 1)</i>	<b>Percentage of Shareholding</b> <i>(Note 5)</i>
Tai Shing International Investment Company Limited	Beneficial owner <i>(Note 2)</i>	700,000,000 (L)	70%
Lily Charm Holding Limited	Interest in a controlled corporation <i>(Notes 2, 3)</i>	700,000,000 (L)	70%
TMF (Cayman) Ltd.	Trustee <i>(Notes 2, 3, 4)</i>	700,000,000 (L)	70%

*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 700,000,000 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 700,000,000 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 a 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 700,000,000 Shares of the Company under Part XV of the SFO.
- (5) The percentage is calculated on the basis of 1,000,000,000 Shares in issue as of 30 June 2022.

Save as disclosed above, as of 30 June 2022, 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 of 30 June 2022, so far as was known to the Directors, the following persons/entities (not being Directors, 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:

<b>Name of shareholders</b>	<b>Capacity/nature of interests</b>	<b>Number and class of Securities (Note 1)</b>	<b>Percentage of Shareholding (Note 3)</b>
Fairich Trading Limited	Beneficial owner	87,650,000 (L)	8.8%
Ms. Xing Junying	Interest in a controlled corporation (Note 2)	87,650,000 (L)	8.8%

*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 of 30 June 2022.

Save as disclosed above, as of 30 June 2022, 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**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period and up to the date of this announcement.

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

On 5 December 2019, 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 the Listing Rules) of the Company, has entered into the deed of non-competition (the "Deed of Non-competition") in favor of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, the Controlling Shareholders have irrevocably undertaken to the Company that they will not and will procure their respective close associate (except any member of the Group) not to, directly or indirectly (whether in the capacity of principal or agent, whether for its own benefit or jointly with or on behalf of any person, firm or company, whether within or outside China), commence, engage in, participate in or acquire any business which competes or may compete directly or indirectly with the core business of the Group, being burial service business and funeral services that the Group plans to expand into, or own any rights or interests in such businesses.

During the Period, the Directors are not aware of any business or interest of the Directors, the Controlling Shareholders and their respective associates (as defined in the 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, they and their respective close associates (as defined under the Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Appendix 10 of the Listing Rules on terms no less exacting than the required standard of dealings. 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.

## **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 effective 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 14 to the Listing Rules (the "Corporate Governance Code") during the Period.

## **AUDIT COMMITTEE**

The Company established the audit committee (the "Audit Committee") with written terms of reference in accordance with Rules 3.22 of the Listing Rules and paragraphs C.3.3 of the Corporate Governance Code as set out in Appendix 14 to the 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, 11 August 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.*