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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)**

## **MAJOR TRANSACTION FORMATION OF A JOINT VENTURE COMPANY**

### **THE CEMETERY JV PROJECT**

The Board is pleased to announce that on 30 June 2020, Langfang Wantong successfully won a bid for the Cemetery JV Project. Pursuant to the relevant tender documents, Langfang Wantong and Xinhangcheng will enter into the JV Agreement pursuant to which the parties will set up the JV Company with a registered capital of RMB30.0 million. Each of Langfang Wantong and Xinhangcheng is to contribute to the registered capital of the JV Company at RMB23.7 million and RMB6.3 million in proportion to their equity interests of 79% and 21% in the JV Company, respectively. Upon establishment of the JV Company, it will be recognized as an indirect non wholly-owned subsidiary of the Company and its accounts will be consolidated into the financial statement of the Company.

Langfang Wantong shall within 30 days from the date of the JV Agreement pay RMB30.0 million as Contribution for the Cemetery JV Project.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the JV Company and the Group's commitment contemplated under the JV Agreement exceed 25% but are less than 75%, the entering into the JV Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, shareholders' approval for the JV Agreement and the transactions contemplated thereunder may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transactions.

The Company has obtained written approval for the JV Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Tai Shing International Investment Company Limited, a beneficial owner of 700,000,000 Shares (representing 70% of the entire issued share capital of the Company) as at the date of this announcement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the JV Agreement and the transactions contemplated thereunder and therefore none of them is required to abstain from voting if the Company was to convene a general meeting for the approval of the JV Agreement and the transactions contemplated thereunder. As such, no general meeting will be convened for this purpose as is permitted under Rule 14.44 of the Listing Rules.

#### **GENERAL**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) the details of the JV Agreement and the transactions contemplated thereunder; and (ii) other information required to be included in the circular under the requirements of the Listing Rules will be despatched on or before 4 September 2020 as additional time is required for the Company to prepare and finalise certain financial information relating to indebtedness statements and working capital sufficiency for inclusion in the circular, the Company intends to apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules to delay the despatch of the circular.

## **THE CEMETERY JV PROJECT**

### **Subject Matter**

The Board is pleased to announce that on 30 June 2020, Langfang Wantong successfully won a bid for the Cemetery JV Project. Pursuant to the relevant tender documents, Langfang Wantong and Xinhangcheng will enter into the JV Agreement, pursuant to which the parties will set up the JV Company with a registered capital of RMB30.0 million. Each of Langfang Wantong and Xinhangcheng is to contribute to the registered capital of the JV Company at RMB23.7 million and RMB6.3 million in proportion to their equity interests of 79% and 21% in the JV Company, respectively. Upon establishment of the JV Company, it will be recognized as an indirect non wholly-owned subsidiary of the Company and its accounts will be consolidated into the financial statement of the Company.

The principal terms of the JV Agreement and the details of the Cemetery JV Project are summarized below:

### **Date of the Bid-winning Confirmation**

30 June 2020

### **Parties to the JV Agreement**

- (1) Langfang Wantong; and
- (2) Xinhangcheng

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Xinhangcheng and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **Cooperation in respect of the JV Company**

The JV Company shall be jointly established by Langfang Wantong and Xinhangcheng, which shall be responsible for land resumption compensation, investment and construction and operations and management of the Cemetery JV Project. Under the JV Agreement, the parties shall prepare and submit the registration documents in respect of the establishment of the JV Company within 30 days from the date of the JV Agreement.

The term of cooperation under the JV Agreement shall depend on whether the Cemetery JV Project is approved as a project of operational cemeteries or philanthropic cemeteries. Should the JV Company be approved to construct philanthropic cemeteries, the term of cooperation shall be five (5) years from the completion of the Cemetery JV Project (the “**5-Year Term of Cooperation**”). Should the JV Company be approved to construct operational cemeteries, the term of cooperation shall be subject to the relevant laws, regulations, policies and supervisory approvals etc..

### **The Cemetery JV Project**

The Cemetery JV Project is located in the vicinity of Zhanggengsheng Village, Baijiawu Office, Jiuzhou Town, Guangyang District\* (廣陽區九州鎮白家務辦事處張更生村). The total planned area of land to be used is approximately 105.819 Mou (畝), while the actual area of land to be used is subject to the approval of relevant government authorities. Under the Cemetery JV Project, either operational cemeteries or philanthropic cemeteries may be constructed and developed, and the actual development in respect of the Cemetery JV Project is subject to the relevant approval(s). The JV Company shall construct a columbarium unit with an area of approximately 3,000 square metres for the storage of cremains of villagers who are subject to land resumption and relocation in the Area, regardless of whether the construction of operational cemeteries or philanthropic cemeteries is eventually approved in respect of the Cemetery JV Project.

### **Registered capital of the JV Company and capital contribution**

The parties are to establish the JV Company with a registered capital of RMB30.0 million and Langfang Wantong and Xinhangcheng would each make a capital contribution in proportion to their respective equity interest of 79% and 21% in the JV Company. Accordingly, Langfang Wantong and Xinhangcheng shall each make cash payment for capital contributions in the amount of RMB23.7 million and RMB6.3 million, respectively, within 90 days from the completion of registration of the JV Company.

### **Fund raising**

The funds required for land resumption compensation, construction and operations in respect of the Cemetery JV Project are to be financed by the JV Company. Should the internal funds of the JV Company fall short of the funds required for the Cemetery JV Project, Langfang Wantong is obligated to make Contribution(s) at an interest rate of 6.9% per annum within 15 days from the issue of written request(s) by the JV Company or Xinhangcheng. Langfang Wantong shall within 30 days from the date of the JV Agreement pay RMB30.0 million as Contribution to a designated account for the purpose of the Cemetery JV Project.

The amount of capital commitment and Contribution made by Langfang Wantong are arrived at after arm's length negotiations between the parties to the JV Agreement with reference to, among others, the projected capital requirement of the JV Company, the percentage of equity interests held by Langfang Wantong in the JV Company and the actual development needs of the JV Company in respect of the Cemetery JV Project. The capital contribution by Langfang Wantong will be funded by internal resources of the Group.

### **Guarantee**

Within 10 days from the date of the JV Agreement, Langfang Wantong shall pay a sum of RMB8.0 million (the "**Guaranteed Sum**") to a designated account of Xinhangcheng as guarantee for a term commencing from the date of the JV Agreement and ending upon the official completion of the Cemetery JV Project (subject to the written confirmation of Xinhangcheng). Should there be no breach on the part of Langfang Wantong before the official commencement of operation of the cemetery, Xinhangcheng shall within 90 days therefrom refund the Guaranteed Sum to Langfang Wantong (without interest).

### **Management of the JV Company**

The board of directors of the JV Company shall comprise of three (3) directors, two (2) of whom will be appointed by Langfang Wantong and the remaining one (1) director will be appointed by Xinhangcheng. Unless specifically provided in the JV Agreement, the decisions of the board of directors of the JV Company shall be by a vote of at least two-third of the directors of the JV Company.

The board of directors of the JV Company shall answer to the shareholders' meeting of the JV Company. Unless specifically provided in the JV Agreement, the decisions of the shareholders of the JV Company shall be made by a vote of at least two-third of the voting rights of the JV Company.

The chairman, legal representative, general manager and financial director of the JV Company shall be appointed by Langfang Wantong, and one (1) supervisor, the deputy general manager and finance manager shall be appointed by Xinhangcheng. Xinhangcheng may also appoint other personnel based on the needs of the JV Company.

### **Encumbrance and pre-emptive rights**

Under the JV Agreement:

- (1) if any party proposes to transfer all or part of its equity interest in the JV Company to a third party, such transfer shall be subject to the consent of and a right of first refusal to acquire such equity interest of the other party; and
- (2) no charge or encumbrance may be created upon the equity interest of the JV Company by any party without the prior consent of the other party.

### ***Compulsory purchase of equity interest owned by Langfang Wantong***

During the term of the JV Agreement, if Langfang Wantong shall be in breach of the relevant provision(s) in the JV Agreement so that the construction or completion of the Cemetery JV project is hindered; and that Langfang Wantong has not fulfilled its obligations under the JV Agreement within 10 days after a written request made by Xinhangcheng, Langfang Wantong shall be deemed to have breached the JV Agreement. Upon the occurrence of such event, (i) Xinhangcheng (or a third party nominated by it) is entitled to purchase all the equity interest owned by Langfang Wantong at a consideration representing the paid-up capital contribution of Langfang Wantong; and (ii) the Contribution(s) provided by Langfang Wantong shall become interest free and only the principal amount of such Contribution(s) would be paid back to Langfang Wantong.

### ***Purchase of equity interest owned by Langfang Wantong — Philanthropic cemetery***

If the construction of philanthropic cemetery is being approved, Langfang Wantong may sell its equity interest in the JV Company during or after the 5-Year Term of Cooperation to Xinhangcheng within 90 days from giving a prior written notice. The consideration shall be the paid-up capital contribution of Langfang Wantong plus the cost of fund (based on the annual interest rate of 6.9% as stated in the tender documents).

### ***Purchase of equity interest owned by Langfang Wantong — Operational cemetery***

If the construction of operational cemetery is being approved, Langfang Wantong may sell all or part of its equity interest in the JV Company to third party(ies) upon completion of the Cemetery JV Project, subject to the consent and the right of first refusal of Xinhangcheng.

## **INFORMATION OF THE PARTIES**

### **Information of the Company and the Group**

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

### **Information of Langfang Wantong**

Langfang Wantong is a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. Langfang Wantong is principally engaged in the sale of burial plots and columbarium units, provision of other burial-related services and provision of cemetery maintenance services in Langfang.

## **Information of Xinhangcheng**

Xinhangcheng, an independent third party, is a company established under the laws of the PRC. Xinhangcheng is principally engaged in property development and sales, property management, urban infrastructure and facilities development, housing reinstatement and land consolidation.

## **REASONS FOR AND BENEFITS OF THE CEMETERY JV PROJECT**

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

The participation in the Cemetery JV Project is another significant project of the Group after the successful transfer of listing from GEM to Mainboard of the Stock Exchange. The Board believes that the establishment of the JV Company represents an attractive opportunity for the Group to tap on the business in the sale of columbarium units, provision of other burial-related services and provision of cemetery maintenance services. The Cemetery JV project will enable the Group to further strengthen its market position in Langfang and expand its business in the Jing-Jin-Ji megalopolis and beyond, which is in line with one of the principal businesses of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the JV Agreement and the transactions contemplated thereunder are on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the JV Company and the Group's commitment contemplated under the JV Agreement exceed 25% but are less than 75%, the entering into the JV Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, shareholders' approval for the JV Agreement and the transactions contemplated thereunder may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transactions.

The Company has obtained written approval for the JV Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Tai Shing International Investment Company Limited, a beneficial owner of 700,000,000 Shares (representing 70% of the entire issued share capital of the Company) as at the date of this announcement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the JV Agreement and the transactions contemplated thereunder and therefore none of them is required to abstain from voting if the Company was to convene a general meeting for the approval of the JV Agreement and the transactions contemplated thereunder. As such, no general meeting will be convened for this purpose as is permitted under Rule 14.44 of the Listing Rules.

## **GENERAL**

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## **DEFINITIONS**

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

“Area”	Zhanggengsheng Village, Baijiawu Office, Jiuzhou Town, Guangyang District* (廣陽區九州鎮白家務辦事處張更生村)
“Bid-winning Confirmation”	a confirmation received by Langfang Wantong on the successful tender of the Cemetery JV Project dated 30 June 2020
“Board”	the board of Directors
“Cemetery JV Project”	a cemetery joint venture project located in new airport (Langfang area), relocation and settlement zone, Beijing* (北京新機場(廊坊區域)回遷安置區公墓項目) contemplated under the JV Agreement
“Company”	China Wan Tong Yuan (Holdings) Limited (中國萬桐園(控股)有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6966)



“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contribution(s)”	contribution(s) to be paid by Langfang Wantong to an account designated by the parties to the JV Agreement at the interest rate of 6.9% per annum for the Cemetery JV Project
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement to be entered into between Langfang Wantong and Xinhangcheng in relation to the formation of the JV Company as prescribed under the tender documents
“JV Company”	a limited liability company to be established by the parties pursuant to the terms and conditions of the JV Agreement
“Langfang Wantong”	Langfang Wantong Public Cemetery Co., Limited* (廊坊市萬桐公墓有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“Xinhangcheng”	Langfang Xinhangcheng Real Estate Development Co., Limited* (廊坊市新航城房地產開發有限公司), a company established under the laws of the PRC

“%”

per cent

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

Hong Kong, 30 June 2020

*As at the date of this announcement, the non-executive Director and the Chairman of the Company is Ms. Zhao Ying; the executive Directors of the Company are Ms. Li Xingying and Mr. Huang Guangming, and the independent non-executive Directors of the Company are Mr. Cheung Ying Kwan, Dr. Wong Wing Kuen Albert and Mr. Choi Hon Keung Simon.*

\* *for identification purpose only*