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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 2024**

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 ended 30 June 2024 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2023 as follows:

FINANCIAL HIGHLIGHTS

The unaudited revenue of the Group amounted to approximately RMB24,137,000 (six months ended 30 June 2023: RMB30,666,000) for the Period which represented a decrease of RMB6,529,000 or 21.3% as compared with the corresponding period in 2023.

The profit attributable to owners of the Company was RMB7,277,000 (six months ended 30 June 2023: RMB13,952,000) for the Period, which represented a decrease of RMB6,675,000 or 47.8% as compared with the same period in last year.

The Board does not recommend the payment of an interim dividend for the Period (six month ended 30 June 2023: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	4	24,137	30,666
Cost of sales and services		<u>(3,567)</u>	<u>(4,236)</u>
Gross profit		20,570	26,430
Other income	5	1,920	1,929
Other expense		(953)	—
Other gains and losses, net	6	224	1,257
Loss on fair value changes of financial assets at fair value through profit or loss	12	(200)	(829)
Loss on fair value change of investment property		—	(20)
Distribution and selling expenses		(5,122)	(5,250)
Administrative expenses		(5,700)	(4,407)
Finance costs		<u>(12)</u>	<u>(26)</u>
Profit before tax	7	10,727	19,084
Income tax expense	8	<u>(3,450)</u>	<u>(5,132)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>7,277</u>	<u>13,952</u>
Earnings per share			
Basic (RMB cents)	9	<u>0.7</u>	<u>1.4</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		At 30 June 2024	At 31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Non-current assets			
Property, plant and equipment		5,187	5,925
Intangible assets		314	486
Right-of-use assets		6,314	6,669
Cemetery assets	11	11,913	12,177
Financial assets at fair value through profit or loss	12	5,122	5,322
Prepayments and other receivables	13	12,511	12,270
Deferred tax assets		205	244
		41,566	43,093
Current assets			
Inventories		20,283	21,231
Trade receivables		129	548
Prepayments and other receivables	13	29,596	29,749
Bank balances and cash		245,202	234,986
		295,210	286,514
Current liabilities			
Trade and other payables	14	18,951	12,796
Lease liabilities		275	538
Contract liabilities	15	7,180	7,357
Income tax payable		1,338	543
		27,744	21,234
Net current assets		267,466	265,280
Total assets less current liabilities		309,032	308,373

		At 30 June 2024	At 31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Non-current liabilities			
Contract liabilities	15	79,405	77,164
Deferred tax liabilities		3,679	3,415
		<u>83,084</u>	<u>80,579</u>
Net assets		<u>225,948</u>	<u>227,794</u>
Capital and reserves			
Share capital	16	66,192	66,192
Reserves		159,756	161,602
		<u>225,948</u>	<u>227,794</u>
Equity attributable to owners of the Company		<u>225,948</u>	<u>227,794</u>
TOTAL EQUITY		<u>225,948</u>	<u>227,794</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company				Total RMB'000
	Share capital RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	
At 1 January 2023 (audited)	66,192	16,428	1,309	126,263	210,192
Profit and total comprehensive income for the period	—	—	—	13,952	13,952
At 30 June 2023 (unaudited)	<u>66,192</u>	<u>16,428</u>	<u>1,309</u>	<u>140,215</u>	<u>224,144</u>
At 1 January 2024 (audited)	66,192	16,428	1,309	143,865	227,794
Profit and total comprehensive income for the period	—	—	—	7,277	7,277
Dividends recognised as distribution	—	—	—	(9,123)	(9,123)
At 30 June 2024 (unaudited)	<u>66,192</u>	<u>16,428</u>	<u>1,309</u>	<u>142,019</u>	<u>225,948</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net cash generated from operating activities	9,683	18,978
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(69)	(440)
Purchase of landscape facilities included in cemetery assets	(64)	(1,378)
Purchase of intangible assets	(191)	(542)
Interest received	880	743
Placement of term deposits	(30,000)	—
Withdrawal of term deposits	—	30,000
Net cash (used)/generated from investing activities	(29,444)	28,383
FINANCING ACTIVITY		
Repayment of leases liabilities	(275)	(247)
Net cash used in financing activity	(275)	(247)
Net (decrease)/increase in cash and cash equivalents	(20,036)	47,114
Cash and cash equivalents at the beginning of period	234,986	181,284
Effect of foreign exchange rate changes	252	1,257
Cash and cash equivalents at end of the period, represented by:		
Bank balances and cash	245,202	229,655
Less: bank deposits with original maturity over three months	(30,000)	—
	215,202	229,655

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 address of the registered office of the Company is 2nd Floor, the Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands. The address of its principal place of business is No.48, Louzhuang Road, Langfang Development Area, Langfang, Hebei Province, the People’s Republic of China (the “PRC”). The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the sale of burial plots, provision of other burial-related services, provision of cemetery maintenance services and provision of funeral services in the PRC. The Company and its subsidiaries are collectively referred to as the “Group”.

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

The 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 “*Interim Financial Reporting*” (“IAS 34”) issued by the International Accounting Standards Board, as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for 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 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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 2024			
	Sales of burial plots and provision of other burial-related services <i>RMB'000</i> (unaudited)	Provision of cemetery maintenance services <i>RMB'000</i> (unaudited)	Provision of funeral services <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Types of goods and service				
Sales of burial plots	14,008	—	—	14,008
Provision of other burial-related services	3,769	—	—	3,769
Provision of funeral services	—	—	3,534	3,534
Provision of cemetery maintenance services	—	2,826	—	2,826
Total	<u>17,777</u>	<u>2,826</u>	<u>3,534</u>	<u>24,137</u>
Timing of revenue recognition				
A point in time	14,008	—	3,534	17,542
Over time	3,769	2,826	—	6,595
Total	<u>17,777</u>	<u>2,826</u>	<u>3,534</u>	<u>24,137</u>

	For the six months ended 30 June 2023			
Types of goods and service	Sales of burial plots and provision of other burial-related services <i>RMB'000</i> (unaudited)	Provision of cemetery maintenance services <i>RMB'000</i> (unaudited)	Provision of funeral services <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Sales of burial plots	20,768	—	—	20,768
Provision of other burial-related services	4,241	—	—	4,241
Provision of funeral services	—	—	2,960	2,960
Provision of cemetery maintenance services	—	2,697	—	2,697
Total	25,009	2,697	2,960	30,666
Timing of revenue recognition				
A point in time	20,768	—	2,960	23,728
Over time	4,241	2,697	—	6,938
Total	25,009	2,697	2,960	30,666

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 the 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 and provision of other burial-related services; (ii) provision of cemetery maintenance services; and (iii) provision of funeral services in the PRC.

Segment revenue and results

For the six months ended 30 June 2024 (unaudited)

	Sales of burial plots and provision of other burial- related services <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of funeral services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>17,777</u>	<u>2,826</u>	<u>3,534</u>	<u>24,137</u>
Segment results	<u>15,263</u>	<u>2,356</u>	<u>2,951</u>	<u>20,570</u>
Other income				1,920
Other expense				(953)
Other gains and losses, net				224
Loss on fair value changes of financial assets at fair value through profit or loss ("FVTPL")				(200)
Distribution and selling expenses				(5,122)
Administrative expenses				(5,700)
Finance costs				<u>(12)</u>
Profit before tax				<u><u>10,727</u></u>

For the six months ended 30 June 2023 (unaudited)

	Sales of burial plots and provision of other burial- related services <i>RMB'000</i>	Provision of cemetery maintenance services <i>RMB'000</i>	Provision of funeral services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>25,009</u>	<u>2,697</u>	<u>2,960</u>	<u>30,666</u>
Segment results	<u>21,627</u>	<u>2,396</u>	<u>2,407</u>	<u>26,430</u>
Other income				1,929
Other gains and losses, net				1,257
Loss on fair value changes of financial assets at FVTPL				(829)
Loss on fair value change of investment property				(20)
Distribution and selling expenses				(5,250)
Administrative expenses				(4,407)
Finance costs				<u>(26)</u>
Profit before tax				<u><u>19,084</u></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, loss on fair value change of investment property, distribution and selling expenses, administrative expenses, finance costs and other expense. 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest income on bank deposits	880	743
Imputed interest income on interest-free advance payment and deposit paid	1,038	1,186
Others	2	—
	<u>1,920</u>	<u>1,929</u>

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Foreign exchange gains	263	1,257
Others	(39)	—
	<u>224</u>	<u>1,257</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	807	460
Amortisation of intangible assets	172	40
Depreciation of right-of-use assets	355	258
Amortisation of cemetery assets (included in cost of sales and services)	328	327
	<hr/>	<hr/>
Total depreciation and amortisation	1,662	1,085
Cost of inventories recognised as an expense	1,519	2,432
Staff costs, including Directors' remuneration:		
Salaries, wages and other benefits	5,003	4,995
Retirement benefits scheme contributions	375	335
	<hr/>	<hr/>
Total staff costs	5,378	5,330
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current enterprise income tax	3,147	4,788
Deferred tax	303	344
	<hr/>	<hr/>
	3,450	5,132
	<hr/> <hr/>	<hr/> <hr/>

The Group is operating in a certain jurisdiction where the Pillar Two Rules is enacted but not effective.

However, as the Group's consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<u>7,277</u>	<u>13,952</u>
Numbers of shares		
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

During the current interim period, a final dividend of HK1 cents per share (equivalent to approximately RMB0.9 cents per share) in respect of the year ended 31 December 2023 (six months ended 30 June 2023: nil) was declared to owners of the Company. The aggregate amount of the final dividend declared but not yet paid in the interim period amounted to HK\$10,000,000 (six months ended 30 June 2023: nil). The Group has recognized dividend payables as a liability in the consolidated financial statements and was paid on 11 July 2024.

11. CEMETERY ASSETS

	At	At
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Leasehold land	3,658	3,733
Landscape facilities	7,908	8,093
Development costs	<u>347</u>	<u>351</u>
	<u>11,913</u>	<u>12,177</u>

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Unlisted investments:		
— equity securities	<u>5,122</u>	<u>5,322</u>

At 31 December 2023 and 30 June 2024, 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 2024, the amount of loss on fair value changes of financial assets at FVTPL of RMB200,000 (six months ended 30 June 2023: RMB829,000) was charged to profit or loss.

The fair value of financial assets at FVTPL at 30 June 2024 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 2024 (unaudited) <i>RMB'000</i>	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Financial assets at FVTPL	5,122	Level 3	Market approach: based on the target companies' financial performance and the multiples of comparable companies	P/B ratio: 0.46 (<i>note</i>) DLOM: 35%
			The key inputs are:	
			(1) Price to book ratio ("P/B ratio")	
			(2) Discount for lack of marketability ("DLOM")	

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 RMB256,091 (2023: RMB266,123).

An increase in the DLOM used in isolation would result in a decrease in the fair value measurement of the financial assets at FVTPL, and vice versa. A 5% increase/decrease in the DLOM holding all other variables constant would decrease/increase the carrying amount of the investment by RMB137,895 (2023: RMB143,297).

13. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Non-current		
Guarantee deposit and payments for a cemetery project (<i>note (a)</i>)	9,511	9,270
Deposit paid (<i>note (b)</i>)	3,000	3,000
	<u>12,511</u>	<u>12,270</u>
Current		
Prepayments	463	428
Advanced payment for land demolition (<i>note (c)</i>)	29,133	29,321
	<u>29,596</u>	<u>29,749</u>

Notes:

- (a) The amount represents the interest-free guarantee deposit paid to a minority shareholder, Langfang Xinhangcheng Real Estate Development Co., Limited (廊坊市新航城房地產開發有限公司, “Xinhangcheng”) for development of a new cemetery project located in Langfang relocation and settlement zone, Beijing, and should there be no breach on the part of Langfang Wantong Cemetery Co., Ltd. (“Langfang Wantong”, a subsidiary of the Company) before the official commencement of operation of the cemetery, Xinhangcheng shall within 90 days therefrom refund the guarantee deposit to Langfang Wantong. The difference between the nominal amount and the fair value of the guarantee deposit at initial recognition was regarded as payments for a cemetery project.
- (b) The amount as at 30 June 2024 and 31 December 2023 represents an interest-bearing advanced payment to Langfang Funeral Parlour (廊坊市殯儀館, a business unit under Langfang Civil Affairs Bureau). Pursuant to the agreement entered into between Langfang Wantong and Langfang Funeral Parlour in 2022, Langfang Wantong was entrusted to provide certain extended funeral services in Langfang Funeral Parlour. In accordance with the agreement, Langfang Wantong advanced an amount of RMB3,000,000 to Langfang Funeral Parlour, which bears interest based on prevailing bank loan interest rate for the corresponding period.

- (c) The balance mainly represents an interest-free advanced payment of RMB30,000,000 to Baijiawu Office (白家務辦事處, a local government department) for the land demolition relating to the development of a new cemetery project located in Langfang relocation and settlement zone, Beijing. Up to the date of this announcement, works related to the land demolition have been completed, and the process pertaining to acquisition of the land use right has been commenced. The Directors estimated that the acquisition of the land use right will be completed and the advanced payment will be repaid within one year from the balance sheet date.

14. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Trade payables	6,138	7,312
Other payables and accrued expenses	3,686	5,484
Dividend payables	9,127	—
	<u>18,951</u>	<u>12,796</u>

The following is an aged analysis of trade payables presented based on the invoice date at 30 June 2024 and 31 December 2023:

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Less than 1 year	6,009	7,156
1 to 2 years	3	17
2 to 3 years	2	25
Over 3 years	124	114
	<u>6,138</u>	<u>7,312</u>

15. CONTRACT LIABILITIES

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

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Carrying amount analysed as:		
Amounts shown under current liabilities	7,180	7,357
Amounts shown under non-current liabilities	<u>79,405</u>	<u>77,164</u>
	<u><u>86,585</u></u>	<u><u>84,521</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.

16. SHARE CAPITAL

	<i>Number of shares</i>	<i>RMB'000</i>
Ordinary shares of United States Dollar 0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 30 June 2024	<u>3,000,000,000</u>	<u>205,984</u>
Issue and fully paid:		
At 1 January 2023, 31 December 2023 and 30 June 2024	<u>1,000,000,000</u>	<u>66,192</u>

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Salaries and other benefits	1,193	972
Contribution to retirement benefit scheme	68	67
Discretionary performance-related bonus	193	614
	<u>1,454</u>	<u>1,653</u>

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Except for the financial assets at FVTPL disclosed in note 12, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

The Group's burial service consists primarily of (1) sale of burial plots, which includes the right to use the burial plots and headstones and other ancillary products to be used on the burial plots; and (2) other burial-related services such as providing columbarium collective storage services, 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 73.7% of its revenue for the six months ended 30 June 2024 (six month ended 30 June 2023: 81.6%). 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.

Provision of funeral services

The Group provides one-stop-shop funeral services at Langfang Funeral Parlour, including etiquettes, rules, wake and farewell ceremony, to the customers since last year, which will continue to provide a stable source of customers for the Group. The Group's revenue from providing funeral services was RMB3,534,000 for the six months ended 30 June 2024 (six month ended 30 June 2023: RMB2,960,000).

Provision of 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 RMB2,826,000 for the six months ended 30 June 2024 (six month ended 30 June 2023: RMB2,697,000).

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 21.3% from RMB30.7 million for the six months ended 30 June 2023 to RMB24.1 million for the six months ended 30 June 2024, primarily due to the decrease in demand for cemetery spaces, which resulted in a decrease in the sales of burial plots of RMB6.8 million.

Cost of sales and services

The Group's cost of sales and services was approximately RMB4.2 million and RMB3.6 million for the six months ended 30 June 2023 and 30 June 2024 respectively, representing a decrease of 15.8%, due to the decrease in the sale of burial plots.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 22.2% from RMB26.4 million for the six months ended 30 June 2023 to RMB20.6 million for the six months ended 30 June 2024. The Group's overall gross profit margin decreased from 86.2% for the six months ended 30 June 2023 to 85.2% for the six months ended 30 June 2024.

The Group's gross profit for burial service decreased by 29.4% from RMB21.6 million for the six months ended 30 June 2023 to RMB15.3 million for the six months ended 30 June 2024, while the gross profit margin for burial service decreased from 86.5% for the six months ended 30 June 2023 to 85.9% for the six months ended 30 June 2024.

The gross profit for cemetery maintenance was RMB2.4 million for the six months ended 30 June 2023 and 2024. The gross profit margin for cemetery maintenance decreased from 88.8% for the six months ended 30 June 2023 to 83.4% for the six months ended 30 June 2024.

The gross profit for funeral services was RMB2.4 million and RMB2.9 million for the six months ended 30 June 2023 and 2024, respectively. The gross profit margin for funeral services increased from 81.3% for the six months ended 30 June 2023 to 83.5% for the six months ended 30 June 2024.

Other income

The Group's other income for the six months ended 30 June 2024 was RMB1.9 million, the same as RMB1.9 million for the six months ended 30 June 2023.

Distribution and selling expenses

The Group's distribution and selling expenses decreased by 2.4% from RMB5.3 million for the six months ended 30 June 2023 to RMB5.1 million for the six months ended 30 June 2024.

Administrative expenses

The Group's administrative expenses increased by 29.3% from RMB4.4 million for the six months ended 30 June 2023 to RMB5.7 million for the six months ended 30 June 2024, due to the expansion of funeral items and extended funeral service business, which led to an increase in labor costs, and depreciation and amortization expenses.

Income tax expenses

The Group's income tax expense for the six months ended 30 June 2024 was RMB3.5 million, representing a decrease of 32.8% compared to RMB5.1 million for the six months ended 30 June 2023, primarily due to the decrease in tax payable due to the decrease in revenue and increase in expenses for the Period.

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 47.8% from RMB14.0 million for the six months ended 30 June 2023 to RMB7.3 million for the six months ended 30 June 2024. The Group's net profit margin decreased from 45.5% for the six months ended 30 June 2023 to 30.1% for the six months ended 30 June 2024.

Liquidity and financial resources

The Group generally financed its operations with its internally generated cash flows. The Group's total equity was RMB225.9 million as at 30 June 2024, as compared to RMB227.8 million as at 31 December 2023. Total assets amounted to RMB336.8 million as at 30 June 2024, as compared to RMB329.6 million as at 31 December 2023, of which RMB245.2 million (31 December 2023: RMB235.0 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 2024 and 31 December 2023.

Gearing ratio

As at 30 June 2024, the gearing ratio of the Group, being total liabilities to total assets, was 32.9% (31 December 2023: 30.9%), which indicates the Group's healthy liquidity position.

Material acquisitions, disposals and significant investments

There were no material acquisitions and disposals of subsidiaries or associates or joint ventures or significant investment held during the Period.

Employee and remuneration information

As at 30 June 2024, the Group had a total of 73 employees (31 December 2023: 75 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 2024, the Group has three major operating and reporting segments namely (1) sales of burial plots and provision of other burial-related services, (2) provision of cemetery maintenance service and (3) provision of funeral services.

Future plans for material investments or capital assets

Save as disclosed in this announcement, the Group does not have other future plans for material investments or capital assets.

DEVELOPMENT AND FUND UTILIZATION PLAN

The joint venture cemetery project (the “**JV Cemetery Project**”) between the Group and Langfang Xinhangcheng Real Estate Development Co., Limited (廊坊市新航城房地產開發有限公司, “**Xinhangcheng**”) is a major development project of the Group, details of which are set out in the announcement and circular of the Company dated 30 June 2020 and 24 August 2020, respectively. As at the date of this announcement, the JV Company has been jointly established by Langfang Wantong and Xinhangcheng.

The Company has been in the progress of obtaining relevant approvals from government authorities for the construction of an operational cemetery. Subject to government approvals, in 2024 and 2025, the Group will build operating burial plots for sales in the New Airport (Langfang area), Relocation and Settlement Zone, Beijing* (北京新機場 (廊坊區域) 回遷安置區) and partial storage of the cremation urns and urns for villagers of the relocated village in the airport economic zone, which will involve land resumption and acquisition of land by the JV Company for the purpose of constructing and developing operational cemeteries.

According to the Law of the People's Republic of China on Urban and Rural Planning (中華人民共和國城鄉規劃法), Regulations of Hebei Province on Urban and Rural Planning (河北省城鄉規劃條例), Land Administration Law of the People's Republic of China (中華人民共和國土地管理法) and Regulations on Transfer of Land Use Right of State-owned Land by Agreement (協議出讓國有土地使用權規定), the relevant government authority in charge of urban planning and development has completed the regulatory planning approval for the state-owned construction land parcel, and on 22 July 2024, a pre-announcement for State-owned Construction Land Use Rights Transfer was published on the China Land Market Network. The pre-announcement of the land transfer has been completed, and the JV Company is expected to enter into land assignment agreement(s) for the acquisition of land for the purpose of the Cemetery JV Project, which is expect to be completed in 2024.

As at the date of this announcement, the registered capital of the JV Company of RMB23.2 million payable by Langfang Wantong has not been paid. The Group expected that such registered capital will be paid-in in order to give the JV Company initial capital to kick-start the development of the Cemetery JV Project. It is estimated that the Group will incur capital commitment of approximately RMB85 million. Pursuant to the JV Agreement, the Group is under the obligation to provide shareholder's loan to the JV Company at the interest rate of 6.9% per annum for the Cemetery JV Project should there be capital requirements. It is reasonably foreseeable that the land acquisition costs will initially be funded by shareholder's loan to be provided by the Group.

Following the acquisition of land, it is expected that the JV Company will be engaged in the development and construction of buildings and ancillary facilities on the land, including office building, supporting facilities, columbarium and tombs, with total estimated development costs of approximately RMB50 million. In addition, administration, labour and other sundry costs to be incurred are estimated to be approximately RMB4 million.

The Company is of the view that the second half of 2024 to 2026 will be a crucial period of time for the Group. The Company believes that it is well prepared to pursue its corporate goals. Leveraging its financial resources, the Directors are confident that the Group will benefit from its investment and create return for its shareholders and enhance shareholders' value.

As at 30 June 2024, the Company had bank balances and cash of RMB245.2 million, representing an excellent liquidity position. Apart from the final cash dividend payable to the shareholders of the Company for the year ended 31 December 2023 of HK\$10,000,000, the Company is confident that the Company will have sufficient funds to swiftly and efficiently allocate and utilize such immediately available funds as development costs of the Cemetery JV Project as and when required. The Company has been preparing for the further development of the business of the Group, and believes that it is in a good position to grasp opportunities with the cash accumulated, which gives the Group flexibility and minimizes financing costs for development.

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 its cemetery operations, upgrading its "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 actively cooperate and support the local government's city tomb moving projects and add columbarium storage services for multiple villages at Beijing New Airport Zone (Langfang Region).

The JV Cemetery Project is one of the major development projects of the Group. The Group is financial and operationally well-prepared to commence and give full play to the planning and development of the JV Cemetery Project following the acquisition of the land. The management believes that the project will facilitate the Group to strengthen and expand its burial 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, 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 and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

As of 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

As at 30 June 2024, the Group did not have capital commitments in respect of expenditure in cemetery assets (31 December 2023: Nil).

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 2024, 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 C3 of the 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	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 2024.

Save as disclosed above, as of 30 June 2024, 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 2024, 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 Shareholder	Capacity/nature of interests	Number and class of Securities <i>(Note 1)</i>	Percentage of Shareholding <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 2024.

Save as disclosed above, as of 30 June 2024, 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 2024, 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:

Name of shareholders	Capacity/nature of interests	Number and class of Securities (Note 1)	Percentage of Shareholding (Note 3)
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 2024.

Save as disclosed above, as of 30 June 2024, 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 C3 to 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 in the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "Corporate Governance Code") during the Period.

CHANGES IN INFORMATION OF DIRECTORS

During the Period and up to the date of this announcement, there was no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") with written terms of reference in accordance with Rule 3.21 of the Listing Rules and paragraph D.3.3 of the Corporate Governance Code. 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, and is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules 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, 29 August 2024

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.