

**CHINA WAN TONG YUAN (6966.HK) REPORTED 2020 NET PROFIT MARGIN OF 45.1%,
FURTHER CONSOLIDATED ITS MARKET POSITION IN THE JING-JIN-JI MEGALOPOLIS**

29 March 2021 -- China Wan Tong Yuan (Holdings) Limited (“China Wan Tong Yuan” or the “Company”, together with its subsidiaries, the “Group”, stock code: 6966), announced a revenue of RMB38,891,000 for the year ended 31 December 2020 (the “Year”). Gross profit of the Group during the Year was RMB32,893,000, with a gross profit margin of 84.6 per cent. The profit and total comprehensive income of the Group was RMB17,541,000; basic earnings per share for the Year were RMB0.018.

Improved year-on-year gross profit margin and net profit margin

Despite decline in revenue and the profit and total comprehensive income, the Group’s gross profit margin and net profit margin increased year-on-year. The Group reported a higher gross profit margin of 84.6 per cent during the Year, representing a year-on-year increase of 4.7 percentage points, primarily due to 1) the relatively high gross profit margins in the burial industry; 2) the ability of the Group to provide high-quality burial services; and 3) the relatively low land acquisition cost for the cemetery of the Group. During the Year, net profit margin of the Group reached 45.1 per cent, representing a year-on-year increase of 7.9 percentage points, primarily due to the decrease in revenue in 2020 with lower sales of columbarium units, partly offset by higher other income and lower administrative expenses as there were professional fees and other administrative expenses incurred in connection with the application for the transfer of listing from GEM to Main Board in 2019.

China Wan Tong Yuan was 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. During the Year, the revenue of China Wan Tong Yuan was mainly attributed to sales of burial services, which accounted for 89.4 per cent of total revenue; among them, sales of burial plots, sales of columbarium units and provision of other burial-related services accounted for 76.1 per cent, 4.3 per cent and 9.0 per cent of the total revenue respectively; while the provision of cemetery maintenance services accounted for 10.6 per cent of total revenue.

The Group seeks to prioritize business expansion opportunities with death care services providers in the Jing-Jin-Ji megalopolis and bring synergy to its current operations. Meanwhile, the Group will also explore potential acquisition or investment in other regions. In addition to the downstream activities of burial services, the Group is also committed to seeking development in the upstream activities, such as, palliative care services, to expand the business opportunities and to identify strategic alliance.

Focus on developing the JV Cemetery Project

Currently, the planning and tendering of the joint venture 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) is completed. The JV Cemetery Project will be one of the major development projects for the Group in the coming year. The Group will continue its proactive development and further communicate with relevant departments regarding land expropriation and land use planning. The implementation and the continued development of and investment into the JV Cemetery Project will facilitate the Group in consolidating and accelerating its market position in Langfang and the Jing-Jin-Ji megalopolis.

The Group will continue to cooperate with and support the local government's city development plan, providing funeral services and columbarium storage services and undertaking tomb relocation projects and adding columbarium storage services for multiple village blocks at Beijing New Airport Zone (Langfang Region), thereby further strengthening the Group's market position in Langfang. Leveraging the Group's strategic location in Langfang and proximity to regional hub of the Jing-Jin-Ji megalopolis, the Group strives to tap further into the burial services market in this region, particularly Beijing. Meanwhile, the Group will continue to devote more marketing resources to serving the neighboring cities and further develop cooperation with local funeral services providers as its business partners, so as to explore quality partners through various channels.

The directors of the Group believe that one-stop-shop services integrating funeral and burial services will bring to the Group a significant competitive advantage. The Group will extend its scope of business from providing burial services to providing integrated funeral services and burial services, offering a variety of products at various price levels and add more professional and diverse extended services in aspects such as burial plot maintenance, burial and tomb-sweeping, so as to expand and enhance its service package. The Group will proactively negotiate with the government and relevant department of Langfang concerning the future cooperation plans. It will also seek for various opportunities for cooperation and development to expand its coverage through multiple channels.

About China Wan Tong Yuan

China Wan Tong Yuan (Holdings) Limited provides cemetery operation, funeral etiquette and cemetery maintenance services etc. China Wan Tong Yuan is a modernized green and environmental cemetery integrating burial and memory, garden and art, culture and exhibition, national defense education. There are 21 traditional and art cemeteries in the developed area of China Wan Tong Yuan to satisfy diversified customer needs. The Group engages suppliers to design, construct and landscape the burial plots and engrave inscriptions and ceramic photographs on headstones to meet specific customer requirements. The Group also provides a wide range of interment rituals and allows

customers to personalize the rituals by selecting value-added services such as cremains transportation and gun salutes. The Company transferred its listing from GEM to the Main Board of The Stock Exchange of Hong Kong Limited on 17 December 2019.

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(Attached with China Wan Tong Yuan's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020)

China Wan Tong Yuan (Holdings) Limited
(Stock code: 6966)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	38,891	63,377
Cost of sales and services	<u>(5,998)</u>	<u>(12,763)</u>
Gross profit	32,893	50,614
Other income	10,110	4,906
Other (losses)/gains	(2,612)	1,061
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss	300	(245)
Gain on fair value change of investment property	190	350
Distribution and selling expenses	(7,054)	(6,631)
Administrative expenses	(8,534)	(16,739)
Finance costs	<u>(78)</u>	<u>—</u>
Profit before tax	25,215	33,316
Income tax expense	<u>(7,674)</u>	<u>(9,765)</u>
Profit and total comprehensive income for the year attributable to owners of the Company	<u>17,541</u>	<u>23,551</u>
Earnings per share		
Basic (RMB)	<u>0.018</u>	<u>0.024</u>