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)

UPDATES ON THE MAJOR TRANSACTION IN RELATION TO THE FORMATION OF A JOINT VENTURE COMPANY

Reference is made to the announcement of the Company dated 30 June 2020 (the "**Announcement**") in relation to the Cemetery JV 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 entered into between Langfang Wantong Public Cemetery Co., Limited* (廊坊市萬桐公墓有限公司) and Langfang Xinhangcheng Real Estate Development Co., Limited* (廊坊市新航城房地產開發有限公司). Unless the context otherwise requires, capitalised terms used herein shall have the meanings as those defined in the Announcement.

As disclosed in the Announcement, Langfang Wantong has received the Bid-winning Confirmation on 30 June 2020. Pursuant to the relevant tender documents, Langfang Wantong and Xinhangcheng will enter into the JV Agreement.

The Board is pleased to announce that Langfang Wantong and Xinhangcheng formally entered into the JV Agreement on 6 July 2020. The Company had disclosed, among others, the principle terms of the JV Agreement in the Announcement in accordance with the Listing Rules.

COOPERATION IN RESPECT OF THE JV COMPANY

Under the JV Agreement, 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. Both 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.

As stated in the Announcement, the capital contribution by Langfang Wantong will be funded by the internal resources of the Group, part of which will be funded by the proceeds from the global offering of the Company conducted in September 2017 for tapping further into the burial services market in the Jing-Jin-Ji megalopolis and pursuing strategic alliance and acquisition opportunities.

The Beijing Daxing International Airport Economic Zone* (北京大興國際機場臨空經濟區) is a new engine for the synergic development of the Jing-Jin-Ji region and a new driving force for the high-quality development of Hebei Province. The cemetery JV project located in the new airport economic zone is sited at the intersection of Beijing and Langfang, which enjoys unique geographical advantages with a planned area of land to be used of approximately 105.819 Mou (畝). As the first cemetery project in the new airport economic zone in Beijing, the project is an important initiative to promote the comprehensive construction of the airport economic zone and achieve the mutual development of society, ecology and economic benefits. This successful bid is a recognition for the comprehensive strength and professional technology level of the Group.

Ever since its listing in 2017, the Company has been following the idea of "tapping further into the burial services market in the Jing-Jin-Ji megalopolis and pursuing strategic alliance and acquisition opportunities" as one of its business objectives. The Board believes that the Cemetery JV Project will further strengthen the Company's market position in the Langfang region and the Jing-Jin-Ji megalopolis. The Group will leverage on its own advantages to provide strong support for the relocation of urns in the temporary columbarium 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 the storage of the urns for villagers of the relocated village in the airport economic zone at the current stage, and will actively improve the relevant basic ancillary facilities. The Group will optimise and improve the regional environment, and strive to build a cemetery with the theme of burial culture, integrating the elements of "burial services, education, tourism and humanity" to make more contribution to the hastening of the construction of the airport economic zone.

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

Hong Kong, 7 July 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*