



SINO-LIFE GROUP LIMITED
中國生命集團有限公司

Incorporated in the Cayman Islands with limited liability
Stock Code : 8296



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Third Quarterly Report 2019

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This report, for which the directors (the “Directors”) of Sino-Life Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading; and there are no other matters the omission of which would make any statement herein or in this report misleading.

CONDENSED CONSOLIDATED QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)

The board of Directors (the “Board”) hereby presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and the nine months ended 30 September 2019 together with the comparative unaudited figures for the corresponding periods in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Three months ended 30 September		Nine months ended 30 September	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	4	15,988	14,284	47,693	45,793
Cost of sales		(6,935)	(2,852)	(22,593)	(19,052)
Gross profit		9,053	11,432	25,100	26,741
Other gains		999	4,592	2,040	5,635
Selling expenses		(307)	(1,270)	(5,942)	(5,768)
Administrative expenses		(8,092)	(11,645)	(17,576)	(22,906)
Other operating income/(expenses)		535	541	(5)	(2,366)
Profit from operations		2,188	3,650	3,617	1,336
Finance costs		(542)	(45)	(1,770)	(235)
Profit before taxation		1,646	3,605	1,847	1,101
Income tax	5	(615)	(212)	(1,188)	(812)
Profit for the period		1,031	3,393	659	289
Other comprehensive income for the period					
Item that will not be reclassified to profit or loss:					
Surplus on revaluation of land and buildings held for own use		742	448	785	685
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the “PRC”) (“non-PRC operations”)		1,420	136	2,371	6,409
Other comprehensive income for the period, net of income tax		2,162	584	3,156	7,094
Total comprehensive income for the period, net of income tax		3,193	3,977	3,815	7,383

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Profit/(loss) attributable to:					
Owners of the Company		839	3,488	1,081	619
Non-controlling interests		192	(95)	(422)	(330)
		1,031	3,393	659	289
Total comprehensive income attributable to:					
Owners of the Company		3,735	3,817	4,487	7,533
Non-controlling interests		(542)	160	(672)	(150)
		3,193	3,977	3,815	7,383
Earnings per share					
Basic and diluted (RMB cents)	6	0.11	0.47	0.15	0.08

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Statutory surplus reserve RMB'000	Properties revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	Share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018 (Audited)	69,218	220,633	(16,261)	790	1,550	2,350	(17,775)	7,345	(153,297)	114,553	(2,464)	112,089
Profit/(loss) for the period	-	-	-	-	-	-	-	-	619	619	(330)	289
Surplus on revaluation of land and buildings held for own use	-	-	-	-	-	685	-	-	-	685	-	685
Exchange differences on translation of financial statements of non-PRC operations	-	-	-	-	-	-	6,229	-	-	6,229	180	6,409
Other comprehensive income	-	-	-	-	-	685	6,229	-	-	6,914	180	7,094
Total comprehensive income for the period	-	-	-	-	-	685	6,229	-	619	7,533	(150)	7,383
Lapse of share option granted	-	-	-	-	-	-	-	(251)	251	-	-	-
At 30 September 2018 (Unaudited)	69,218	220,633	(16,261)	790	1,550	3,035	(11,546)	7,094	(152,427)	122,086	(2,614)	119,472
At 1 January 2019 (Audited)	69,218	220,633	(16,261)	790	1,550	2,601	(19,359)	7,027	(160,984)	105,215	(2,406)	102,809
Initial application of HKFRS 16	-	-	-	-	-	-	-	-	(11,734)	(11,734)	-	(11,734)
At 1 January 2019 (Unaudited)	69,218	220,633	(16,261)	790	1,550	2,601	(19,359)	7,027	(172,718)	93,481	(2,406)	91,075
Profit/(loss) for the period	-	-	-	-	-	-	-	-	1,081	1,081	(422)	659
Surplus on revaluation of land and buildings held for own use	-	-	-	-	-	785	-	-	-	785	-	785
Exchange differences on translation of financial statements of non-PRC operations	-	-	-	-	-	-	2,621	-	-	2,621	(250)	2,371
Other comprehensive income	-	-	-	-	-	785	2,621	-	-	3,406	(250)	3,156
Total comprehensive income for the period	-	-	-	-	-	785	2,621	-	1,081	4,487	(672)	3,815
Recognition of non-controlling interests upon partial disposal of a subsidiary	-	-	-	-	-	-	-	-	20,104	20,104	(5,882)	14,222
At 30 September 2019 (Unaudited)	69,218	220,633	(16,261)	790	1,550	3,386	(16,738)	7,027	(151,533)	118,072	(8,960)	109,112

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

For the nine months ended 30 September 2019

1. GENERAL

The Company was incorporated on 24 February 2005 in Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares are listed on GEM of the Stock Exchange on 9 September 2009. Its controlling shareholder is Hong Kong Gaoqi Biological Technology Company Limited ("HK Gaoqi").


The Company is principally engaged in investment holding. The subsidiaries are mainly engaged in (i) the provision of funeral and related services; (ii) sales of burial plots and tombstones and provision of cemetery maintenance services; (iii) provision of elderly care and related consultancy services; and (iv) sales of stem cells and immunocytes. The Company and its subsidiaries are herein collectively referred to as the "Group".

The address of the Company's registered office and principal place of business are The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands and Unit 1303, 13/F., Austin Tower, 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong Special Administrative Region ("Hong Kong") respectively.

2. BASIS OF PREPARATION

The Group's condensed unaudited consolidated third quarterly financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These condensed unaudited consolidated third quarterly financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018 (the "2018 Annual Financial Statements"), which have been prepared in accordance with HKFRSs.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. These condensed unaudited consolidated third quarterly



financial statements have been prepared in accordance with the same accounting policies adopted in the 2018 Annual Financial Statements, except for the changes in accounting policies that are expected to be reflected in the annual financial statements for the year ending 31 December 2019. Note 3 of these condensed unaudited consolidated third quarterly financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these condensed unaudited consolidated third quarterly financial statements.


The condensed unaudited consolidated third quarterly financial statements have been prepared under the historical cost convention, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment properties;
- freehold land and buildings; and
- financial assets designated as at fair value through profit or loss.

The preparation of these condensed unaudited consolidated third quarterly financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise their judgements in the process of applying the Group's accounting policies.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2018 Annual Financial Statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 16.

These condensed unaudited consolidated third quarterly financial statements contains condensed unaudited consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 Annual Financial Statements. These condensed unaudited consolidated third quarterly financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.



These condensed unaudited consolidated third quarterly financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, unless otherwise stated.

With a review of financial statements presentation, certain items in these condensed unaudited consolidated third quarterly financial statements were reclassified which would result in a more appropriate presentation of events or transactions. Accordingly, comparative figures have been reclassified to conform with the current period’s presentation.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The condensed unaudited consolidated third quarterly financial statements have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

3. HKFRS 16 LEASES

3.1 Impact on the condensed unaudited consolidated third quarterly financial statements

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to accounts for all leases under a single on-balance sheet model. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method of adoption with the initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

The impact on the condensed unaudited consolidated statement of profit or loss for the nine months ended 30 September 2019 (the “Period”) (increase/(decrease)):


	RMB'000
	(Unaudited)
Decrease in operating lease expenses (included in administrative expenses)	(4,668)
Increase in depreciation and amortisation expenses (included in administrative expenses)	2,990
Increase in profit from operations	1,678
Increase in finance costs	1,559
Income tax	—
Increase in profit for the Period	119

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for some office premises. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. A lease was



classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rental expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other receivables and prepayment, and other payables and accruals, respectively. Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for lease contracts with a lease term of 12 months or less and do not contain a purchase option ("short-term leases") and lease contracts for which the underlying asset is of low value ("low-value assets"). The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

As a lessee – Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average of the incremental borrowing rates used for determination of the remaining lease payments was 5.13% and 4.9% for the leases located in Hong Kong and the PRC respectively.

To ease the transition to HKFRS 16, the Group applied a practical expedient at the date of initial application of HKFRS 16 whereby it elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019.



3.2 Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of HKFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The costs of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4. REVENUE

The amount of each significant category of revenue recognised in revenue for the Period and the nine months ended 30 September 2018 ("the Prior Period") is as follows:

	Nine months ended	
	30 September	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Funeral services provided in funeral parlours and funeral services centres under the Group's management	31,701	34,497
Funeral arrangement and consultancy services	13,223	11,044
Sales of burial plots and tombstones	251	252
Sales of stem cells and immunocytes	602	—
Sales of biotechnical machinery	1,916	—
	47,693	45,793

The following table sets out information about the geographical location of the Group's revenue from external customers.

Revenues from external customers

	Nine months ended	
	30 September	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Mainland China	43,140	42,696
Republic of China ("Taiwan")	1,836	2,025
Hong Kong	2,466	820
Socialist Republic of Vietnam ("Vietnam")	251	252
Total	47,693	45,793

5. INCOME TAX

- (a) No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the Period and the Prior Period.
- (b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands ("BVI") for the Period and the Prior Period.
- (c) The subsidiaries operating in the PRC are subject to enterprise income tax rate at 25% for the Period and the Prior Period in accordance with the Law of the People's Republic of China on Enterprises Income Tax (《中華人民共和國企業所得稅法》) except that Chongqing Xizhou Funeral Service Company Limited ("Chongqing Xizhou"), an indirect wholly owned subsidiary of the Company, is entitled to a preferential tax rate of 15% for the enterprise income tax in accordance with 西部大開發企業所得稅優惠, which is retrospectively applied to Chongqing Xizhou from January 2011 and, provided that the conditions precedent to entitlement of preferential tax rate are fulfilled by Chongqing Xizhou in each of subsequent years, the preferential tax rate can be applied to Chongqing Xizhou up to December 2020. Xizhou is subject to enterprise income tax rate at 15% for the Period and the Prior Period.
- (d) Bau Shan Life Science Technology Co., Ltd. ("Bau Shan"), a direct subsidiary of the Company is subject to Taiwan Enterprise Income Tax at 17% on taxable profits determined in accordance with the Income Tax Act and other

relevant laws in Taiwan. No provision for Taiwan Enterprise Income Tax has been made as Bau Shan has no assessable profits for the Period and the Prior Period.

- (e) Bao Son Life Company Limited (“Bao Son Life”) and Hoan Loc Viet Duc Hoa Corporation (“HLV Duc Hoa”), the indirect non-wholly-owned subsidiaries of the Company, are subject to Vietnam Corporate Income Tax at 20% and 20%, respectively, on taxable profits determined in accordance with the relevant laws and regulations in Vietnam. No provision for Vietnam Corporate Income Tax has been made as Bao Son Life and HLV Duc Hoa have no assessable profits for the Period and the Prior Period.

6. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the three months and nine months ended 30 September 2019 are as follow:

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (RMB'000)	839	3,448	1,081	619
Weighted average number of ordinary shares	742,500,000	742,500,000	742,500,000	742,500,000
Basic earnings per share (RMB cents)	0.11	0.47	0.15	0.08

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amounts presented for the three months and nine months ended 30 September 2019 and 2018 as the impact of the share options had anti-dilutive effect on the basic earnings per share amounts presented.

7. DIVIDENDS

The Directors do not recommend payment of any dividend for the Period (The Prior Period: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the nine months ended 30 September 2019 (the “Period”), benefiting from rising consumption and ongoing population ageing in the PRC, the Group recorded an increase in its business in the PRC, as compared with the corresponding period in 2018 (the “Prior Period”), while its performance in Vietnam market was relatively stable. The elderly care business recently established in Taiwan has been sluggish.

On the other hand, the Group has successfully carried out the project under the agency agreement signed at the beginning of this year in relation to the sales of stem cell and immunocytes in the PRC, and commenced its sales of advanced biotechnical equipment business in Hong Kong.


During the Period and the Prior Period, the amount and percentage of the revenue derived from respective geographical segments were as follow:

	Nine months ended 30 September			
	2019		2018	
	RMB'000	%	RMB'000	%
The PRC	43,140	90.5	42,696	93.2
Taiwan	1,836	3.8	2,025	4.4
Hong Kong	2,466	5.2	820	1.8
Vietnam	251	0.5	252	0.6
	47,693	100.0	45,793	100.0

The PRC

Funeral business in the mainland China continues to be the major source of income of the operations of the Group during the Period and the revenue derived from such market increased slightly by approximately 1.04% to approximately RMB43,140,000 as compared with the Prior Period.

In the PRC, the Group is principally engaged in provision of funeral, cremation and cemetery services in funeral parlours and funeral service centres under the Group's management, pursuant to respective management agreements entered into with the owners of funeral parlours and funeral service centres.



The Group has successfully carried out the project under an agency agreement signed at the beginning of this year in relation to the sales of stem cell and immunocytes in the PRC and recorded a revenue of approximately RMB602,000 during the Period.

Meanwhile, the Company, through its wholly owned subsidiary, entered into a joint venture agreement with an independent third party and Guangdong Aishidai Biotechnology Co., Ltd.* (“Aishidai”) (廣東艾時代生物科技有限責任公司), a 30%-controlled company of Mr. Xu Jianchun, an executive director of the Company, to establish a joint venture company (the “JV”), which the Group owns 30% of the equity interests in the JV, to carry out biotechnology business in August 2019. The JV will focus on the research and development of cell cultivation, and this move marks a milestone of the Group to step into the upstream of the cells industrial chain.

Taiwan

Revenue derived from Taiwan market recorded a year on year decrease of approximately 9.3% during the Period. For the Group’s operation in Taiwan, the Group is principally engaged in the sales of funeral services deeds, which was accounted for by the Group as contract liabilities, and provision of funeral arrangement services to the deed holders and non-funeral services deed holders, which are accounted for by the Group as revenue.

Hong Kong

During the Period, the Group, through its wholly owned subsidiary, has partnered with some biotech companies in the Netherlands, Germany and other companies, and commenced the sales of advanced biotechnical equipment business in Hong Kong. The Group recorded a revenue of approximately RMB1,916,000 from such business during the Period. Together with the Group’s business in funeral arrangement and consultancy services, the Group derived revenue of approximately RMB2,466,000 from Hong Kong market, representing a twofold increase as compared with the Prior Period.

* For identification purpose only.



Vietnam

The Group's operation in Vietnam remained relatively stable and derived revenue of approximately RMB251,000 (The Prior Period: RMB252,000) from its sales of burial plots business in Vietnam for the Period.

Financial review

For the Period, the Group's revenue was approximately RMB47,693,000 (The Prior Period: RMB45,793,000), representing an increase of approximately 4.1% as compared with the Prior Period. The increase was mainly contributed by new business segments of sales of stem cell and immunocytes business and sales of biotechnical machinery in PRC and Hong Kong respectively.

Cost of sales increased by approximately 18.6% to approximately RMB22,593,000 for the Period from approximately RMB19,052,000 during the Prior Period. The increase in cost of sales was mainly attributable to the commencement of the sales of stem cell and immunocytes business in PRC and the sales of biotechnical machinery segment in Hong Kong.

The Group recorded other gains of approximately RMB2,040,000 as compared with the Prior Period of approximately RMB5,636,000.

Selling expenses for the Period increased by approximately 3.0% to approximately RMB5,942,000 and accounted for approximately 12.5% (The Prior Period: 12.6%) of the revenue. The increase was mainly attributable to the increase in the revenue and the commencement of the sales of stem cell and immunocytes business during the Period.

Administrative expenses was approximately RMB17,576,000 (The Prior Period: RMB22,906,000), accounting for approximately 36.9% (The Prior Period: 50.0%) of revenue. Administrative expenses decreased by approximately 23.3% over the Period, reflecting the results of the effective control measures implemented by the Group during the Period.

As the result of the cumulative effect from the above-mentioned factors, the profit attributable to the owners of the Company for the Period was approximately RMB1,081,000, as compared with the Prior Period of approximately RMB619,000. Earnings per share was approximately RMB0.15 cents (The Prior Period: RMB0.08 cents).



The Group remained in a healthy and sound liquidity position as at 30 September 2019. Except for the capital expenditure contracted but not provided for property, plant and equipment and investment in a joint venture of approximately RMB23,000 and RMB6,500,000 respectively, the Group had no other material capital commitments, material contracts, contingent liabilities or significant investment plans. It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity facilities to meet operation requirements and acquisition opportunities.

Significant acquisitions and disposal of investments

(1) Disposal of Bau Shan Life Science Technology Co., Ltd. ("Bau Shan Life")

In 2018, the Group entered into a sale and purchase agreement, pursuant to which, it disposed 40% of equity interests in Bau Shan Life, its wholly-owned subsidiary in Taiwan to an independent third party at a consideration of NTD62,700,000 (equivalent to approximately RMB13,996,000). The disposal has been completed in April 2019.

(2) Establishment of Guangdong Weixiang Biotechnology Co., Ltd.

In August 2019, Zhongke Zhenqi Biotechnology (Guangdong) Co., Ltd.* (中科臻祺生物科技(廣東)有限公司), a wholly owned subsidiary of the Company, entered into a joint venture agreement with an independent third party and Aishidai, a 30%-controlled company of Mr. Xu Jianchun, an executive director of the Company, to establish a joint venture company, named Guangdong Weixiang Biotechnology Co., Ltd* (廣東為象生物科技有限公司) in PRC with registered capital of RMB24 million. The Group owns 30% equity interest in the JV.

Save as disclosed above, the Group did not have other significant acquisitions and disposal of investments.

* For identification purpose only.



Prospects


The Board believes that the Group's funeral services business is rather stable as our business is relatively focused on densely populated cities in China.

On the other hand, with increasing global investment in biotechnology, and the increasing demand for medical and health services from the ageing population, the global biotech industry is rapidly growing. The United States of America has clearly placed a priority to "support research to establish the foundations for a 21st century bioeconomy" in its budget on information technology; while Germany suggested to make vigorous efforts in developing its bioeconomy, in order to realise socio-economic restructuring. Relevant policies were also launched in countries such as Russia, India, Korea and Japan. Likewise, the Chinese government has gradually implemented a set of policies to support the biotech industry in China, thereby driving a long-term development of the industry.

As an important sub-division of the biotech industry, the Chinese cells industry has been fast-growing in recent years. Taking stem cells as an example, according to the statistics issued by the Qianzhan Industry Research Institute, the size of the global stem cells market was US\$63.5 billion in 2015, and has surpassed US\$100 billion in 2018. In 2020, the aforesaid is expected to reach US\$174.5 billion.

The Group commenced a diverse development strategy and actively positioned itself in the cells industry during the Period. Currently, the Group primarily engages in the selling of cells products through agency. With the efforts made by the management team, the business has achieved substantial progress and has realised some profits. At the same time, in order to enhance the Group's research ability and core competitiveness, the Group made its step into the business of research and development of cell cultivation through equity investment in a joint venture company to extend its business into the upstream of the cells industrial chain, thus forming a synergistic business system.

Moreover, by fully utilizing the strengths of the Chinese market and resources, the Group strengthened its cooperation with biotech companies in the Netherlands, Germany and other countries, and is responsible for selling advanced foreign equipment in the Greater China region as an agent. This will produce a positive effect on the Group's operation results, and will also contribute to the development of the Group's global business in the future.



Looking forward, the Group will keep ploughing the funeral services business while continuing to develop its cells business. It will continue to consolidate its new technologies, research talents and exquisite projects through different means of co-operation such as collaborative investment, mergers and restructuring to further deepen its distribution of the cells industrial chain in the industry. In addition, the Group will also explore the possibility of developing other quality projects or businesses with promising prospects to formulate a business configuration with cell industry as its core and supplemented by the coordinated development of other segmented directions. This would improve the Group's operating conditions, optimise business structure, exploit new earnings growth points, and drive sustainable and quality development of the Group's business.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 September 2019, none of the Directors or chief executives of the Company had any interests or short positions in the shares (the "Shares"), underlying shares ("Underlying Shares") and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of SFO), or which were required, pursuant to section 352 of SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares

So far as the Directors are aware, as at 30 September 2019, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, the following person has an interest or short position in the Shares or Underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of

Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the Shares is listed as follows:

Long Positions in the Shares

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
HK Gaoqi	Beneficial Owner	220,475,000	29.69%

Note: The Company's Director, Mr. Xu Jianchun is also a director of HK Gaoqi and holds less than 30% interests of its issued share capital.

Saved as disclosed above, as at 30 September 2019, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above) who had, or deemed to have, interests or short positions in the Shares, Underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO.

Save for the shareholder as disclosed herein, the Directors are not aware of any persons, who, as at 30 September 2019, were entitled to exercise or control the exercise of 5% or more of the voting power at the general meeting of the Company and were also, a practicable matter, able to direct or influence the management of the Company.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the Period was the Company, its holding company, or any of its subsidiaries or associated corporations, a party to any arrangement that would enable the Directors and chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or the substantial shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) has interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Period and up to the date of this third quarterly report.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES

During the Period, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.



AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. As at 30 September 2019, the Audit Committee comprises three independent non-executive Directors, namely Mr. SUN Fei (chairman of the Audit Committee), Mr. CHAI Chung Wai, and Mr. WANG Jun.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period pursuant to the relevant provisions contained in the code provisions and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board
Sino-Life Group Limited
XU Jianchun
Chairman and Executive Director

14 November 2019

As at the date hereof, the Board comprises Mr. XU Jianchun and Mr. LIU Tien-Tsai being executive Directors; Dr. XU Qiang being non-executive Director; and Mr. CHAI Chung Wai, Mr. SUN Fei, and Mr. WANG Jun being independent non-executive Directors.