



**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

2021  
INTERIM REPORT



**活出精彩**  
**LIVE LIFE TO THE**  
**FULLEST**

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 or deceptive; and there are no other matters the omission of which would make any statement herein or in this report misleading.*

## INTERIM RESULTS (UNAUDITED)

The board (the “Board”) of Directors (the “Director(s)”) is here to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period”) together with the comparative unaudited condensed consolidated figures for the corresponding period in 2020 (the “Prior Period”), as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>18,310</b>	16,311	<b>37,271</b>	28,985
Cost of sales and services rendered		<b>(7,732)</b>	(7,076)	<b>(15,570)</b>	(13,361)
<b>Gross profit</b>		<b>10,578</b>	9,235	<b>21,701</b>	15,624
Other income and other net gains	5	<b>499</b>	782	<b>910</b>	1,198
Selling expenses		<b>(1,501)</b>	(1,202)	<b>(2,796)</b>	(3,107)
Administrative expenses		<b>(8,149)</b>	(4,688)	<b>(13,764)</b>	(10,844)
Other operating expenses		<b>(167)</b>	(1)	<b>(171)</b>	(71)
<b>Profit from operations</b>		<b>1,260</b>	4,126	<b>5,880</b>	2,800
Finance costs	6(a)	<b>(524)</b>	(610)	<b>(1,169)</b>	(1,348)
<b>Profit before taxation</b>	6	<b>736</b>	3,516	<b>4,711</b>	1,452
Income tax expense	7	<b>(1,345)</b>	(830)	<b>(2,896)</b>	(940)
<b>(Loss)/profit for the period</b>		<b>(609)</b>	2,686	<b>1,815</b>	512
<b>Other comprehensive (expense)/income for the period</b>					
<b>Item that will not be reclassified to profit or loss:</b>					
Deficit on revaluation of land and buildings held for own use		<b>(3)</b>	-	<b>(3)</b>	-
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Exchange differences arising on translation of foreign operations		<b>373</b>	401	<b>1,736</b>	2,421
<b>Other comprehensive income for the period, net of income tax</b>		<b>370</b>	401	<b>1,733</b>	2,421
<b>Total comprehensive (expense)/income for the period, net of income tax</b>		<b>(239)</b>	3,087	<b>3,548</b>	2,933

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

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(Loss)/profit for the period attributable to:</b>					
Owners of the Company		(312)	2,997	2,345	888
Non-controlling interests		(297)	(311)	(530)	(376)
		(609)	2,686	1,815	512
<b>Total comprehensive (expense)/income attributable to:</b>					
Owners of the Company		(98)	3,487	3,857	3,321
Non-controlling interests		(141)	(400)	(309)	(388)
		(239)	3,087	3,548	2,933
<b>(Loss)/earnings per share</b>					
Basic and diluted (RMB cents)	8	(0.04)	0.40	0.32	0.12

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	30,269	30,142
Right-of-use assets		30,097	32,619
Investment properties	11	6,672	6,531
Intangible assets		2	2
Interests in associates		–	–
Goodwill		–	–
Other deposits	13	799	99
Deposits for hire of funeral parlours and funeral services centres	13	1,000	1,000
		<b>68,839</b>	<b>70,393</b>
<b>CURRENT ASSETS</b>			
Financial assets designated as at fair value through profit or loss ("FVTPL")	12	34,521	33,639
Development and formation costs		4,539	4,542
Inventories		1,589	1,546
Trade and other receivables	13	46,786	43,820
Restricted bank balances		3,000	–
Cash and bank balances		125,616	123,674
		<b>216,051</b>	<b>207,221</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	14,847	16,876
Contract liabilities		91,974	87,994
Lease liabilities		4,504	4,403
Bank borrowings		1,170	1,138
Income tax liabilities		4,667	3,567
Amount due to directors	17(e)	1,140	3,660
Amount due to a shareholder	17(f)	10,448	10,544
Provisions		2,621	2,550
		<b>(131,371)</b>	<b>(130,732)</b>
<b>NET CURRENT ASSETS</b>		<b>84,680</b>	<b>76,489</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>153,519</b>	<b>146,882</b>
<b>NON-CURRENT LIABILITIES</b>			
Amount due to a shareholder	17(f)	1,663	1,677
Lease liabilities		25,208	27,467
Contract liabilities		186	186
Bank borrowings		5,408	5,826
		<b>(32,465)</b>	<b>(35,156)</b>
<b>NET ASSETS</b>		<b>121,054</b>	<b>111,726</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		69,218	69,218
Reserves		54,342	50,052
		<b>123,560</b>	<b>119,270</b>
<b>Non-controlling interests</b>		<b>(2,506)</b>	<b>(7,544)</b>
<b>TOTAL EQUITY</b>		<b>121,054</b>	<b>111,726</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital	Share premium	Merger reserve	Statutory reserve	Statutory surplus reserve	Properties revaluation reserve	Foreign	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
							currency translation reserve					
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>At 31 December 2019 (Audited)</b>												
<b>and 1 January 2020 (Unaudited)</b>	69,218	220,633	(16,261)	790	1,550	2,998	(15,242)	7,027	(144,684)	126,029	(8,380)	117,649
Profit/(loss) for the period	-	-	-	-	-	-	-	-	888	888	(376)	512
Exchange differences arising on translation of foreign operations							2,433	-	-	2,433	(12)	2,421
Other comprehensive income/(expense)	-	-	-	-	-	-	2,433	-	-	2,433	(12)	2,421
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	-	-	-	2,433	-	888	3,321	(388)	2,933
<b>Transfer of statutory reserve and statutory surplus reserve</b>	-	-	-	6,213	2,335	-	-	-	(8,548)	-	-	-
<b>Lapse of share option</b>	-	-	-	-	-	-	-	(7,027)	7,027	-	-	-
<b>At 30 June 2020 (Unaudited)</b>	69,218	220,633	(16,261)	7,003	3,885	2,998	(12,809)	-	(145,317)	129,350	(8,768)	120,582
<b>At 31 December 2020 (Audited)</b>												
<b>and 1 January 2021 (Unaudited)</b>	69,218	220,633	(16,261)	790	12,058	3,141	(19,170)	-	(151,139)	119,270	(7,544)	111,726
Profit/(loss) for the period	-	-	-	-	-	-	-	-	2,345	2,345	(530)	1,815
Deficit on revaluation of land and buildings held for own use						(3)	-	-	-	(3)	-	(3)
Exchange differences arising on translation of foreign operations							1,515	-	-	1,515	221	1,736
Other comprehensive (expenses)/income	-	-	-	-	-	(3)	1,515	-	-	1,512	221	1,733
<b>Total comprehensive (expenses)/income for the period</b>	-	-	-	-	-	(3)	1,515	-	2,345	3,857	(309)	3,548
<b>Recognition of non-controlling interests upon partial disposal of subsidiaries</b>	-	-	-	-	-	-	-	-	433	433	(433)	-
<b>Capital contributions from non-controlling interests</b>	-	-	-	-	-	-	-	-	-	-	5,780	5,780
<b>At 30 June 2021 (Unaudited)</b>	69,218	220,633	(16,261)	790	12,058	3,138	(17,655)	-	(148,361)	123,560	(2,506)	121,054

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	731	9,156
NET CASH USED IN INVESTING ACTIVITIES	(3,429)	(46)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	1,883	(3,833)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(815)</b>	<b>5,277</b>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	123,674	119,216
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	2,757	4,531
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>125,616</b>	<b>129,024</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	125,616	129,024

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

## 1. GENERAL

The Company was incorporated on 24 February 2005 in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law. Its shares are listed on GEM of the Stock Exchange on 9 September 2009.

The Company is principally engaged in investment holding. The subsidiaries are mainly engaged in the provision of funeral and related services in the People's Republic of China (the "PRC"), Taiwan and Hong Kong Special Administrative Region, the PRC ("Hong Kong"), sale of burial plots and tombstones and provision of cemetery maintenance services in Socialist Republic of Vietnam ("Vietnam"), and provision of advisory service on stem cells and immunocytes in the PRC and sales of advance biotechnical machineries and other electronic products in Hong Kong. The Company and its subsidiaries are herein collectively referred to as the "Group".

The addresses 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 601, 6/F., Ovest, No. 77 Wing Lok Street, Sheung Wan, Hong Kong respectively.

## 2. BASIS OF PREPARATION

These Group's unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020 (the "2020 Annual Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)").



These unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 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 2021. Note 3 of these unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis 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 FVTPL.

The preparation of these unaudited condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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 2020 Annual Financial Statements.

These unaudited condensed consolidated interim financial statements contains unaudited condensed 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 2020 Annual Financial Statements. These unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, unless otherwise stated.

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.

These unaudited condensed consolidated accounts have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

### 3. CHANGES IN ACCOUNTING POLICIES

#### 3.1 New and amended standards adopted by the Group

The Group has adopted the following new and revised HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these condensed unaudited consolidated interim financial statement.

HKFRS 16 (Amendments)	Covid-19-related Rent Concessions
HKFRS 4, 7, 9 and 16 and HKAS 39	Amendments in relation to Interest Rate Benchmark Reform

The Group concluded that the adoption of these new and revised in the current period has had no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated interim financial statements.

### 3.2 New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2021 and not early adopted by the Group

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 (Amendments)	Amendments in relation to Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Amendments in relation to Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK – Int 5	Amendments in relation to Amendments to HKAS 1	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Conceptual Framework for Financial Reporting	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 Cycle	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their application are not expected to have material impact on the financial performance and the financial position of the Group.

## 4. REVENUE AND SEGMENT INFORMATION

### (a) Revenue

Revenue represents the fair value of consideration received and receivables for the services rendered to customers and goods sold to customers. The amount of each significant category of revenue during the Period and the Prior Period are as follows:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Funeral services and cremation services provided in funeral parlours and funeral services centres under Group's management	<b>35,521</b>	27,535
Funeral arrangement and related consultancy services	<b>1,101</b>	1,119
Sales of burial plots and tombstones	<b>144</b>	260
Provision of advisory service on stem cells and immunocytes	<b>505</b>	71
	<b>37,271</b>	28,985

### (b) Segment information

The Group manages its businesses by divisions, which are organised by a business lines. In a manner consistent with the way in which information is reported internally to the executive directors of the Company (the "Executive Directors"), which are the chief operating decision maker, for the purposes of resources allocation and performance assessment.

The reportable operating segments derive their revenue primarily from funeral services and stem cells and immunocytes business for the Period and the Prior Period. Apart from the below operating and reportable segments, other activities of the Group were mainly investment holdings which are not considered as an operating segment and therefore grouped as "Unallocated" for the purpose of these unaudited condensed consolidated financial statements disclosures.

The Group had below two reportable segments:

- Funeral services: Provision of funeral related service, including arrangement services and related consultancy services, provision of funeral and cremation services and sales of burial plots and tombstones; and
- Stem cells and immunocytes and other businesses: Provision of advisory service on stem cells and immunocytes and sales of advance biotechnical machineries and other electronic products.

**(A) The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2021 and 2020 is as follows:**

***Segment results, assets and liabilities***

For the purposes of assessing segment performance and allocating resources between segments, the Executive Directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets, and current assets with the exception of corporate assets. Segment liabilities include trade and other payables, contract liabilities, lease liabilities, provisions, amounts due to directors and a shareholder and income tax liabilities attributable to the activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment results represent the earnings and loss of each segment without allocation of other income and other net gains, unallocated head offices and corporate expenses, finance costs and income tax expense. This is the measure reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

	Six months ended 30 June					
	2021			2020		
	Stem cells and immunocytes and other businesses		Total	Stem cells and immunocytes and other businesses		Total
	Funeral services	and other businesses		Funeral services	and other businesses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment Revenue</b>						
- Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	35,521	-	35,521	27,535	-	27,535
- Funeral arrangement and consultancy services	1,101	-	1,101	1,119	-	1,119
- Sales of burial plots and tombstones	144	-	144	260	-	260
- Provision of advisory service on stem cells and immunocytes	-	505	505	-	71	71
	<b>36,766</b>	<b>505</b>	<b>37,271</b>	<b>28,914</b>	<b>71</b>	<b>28,985</b>
Segment operating profit/(loss)	<b>8,866</b>	<b>(169)</b>	<b>8,697</b>	<b>3,304</b>	<b>(111)</b>	<b>3,193</b>

There are no inter-segment sales during the Period (The Prior Period: RMB Nil).

The following table presents segment assets and segment liabilities of the Group's reportable segments as at 30 June 2021 and 31 December 2020:

	As at 30 June 2021			As at 31 December 2020		
	Stem cells and immunocytes and other businesses		Total	Stem cells and immunocytes and other businesses		Total
	Funeral services	and other businesses		Funeral services	and other businesses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Segment assets	247,353	4,853	252,206	238,756	5,739	244,495
Segment liabilities	141,531	6,655	148,186	141,836	7,042	148,878

### *Reconciliation of reportable segment profit or loss*

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Total reportable segment profit derived from		
Group's external customers	<b>8,697</b>	3,193
Other income and other net gains	<b>910</b>	1,198
Finance costs	<b>(1,169)</b>	(1,348)
Unallocated head office and corporate expenses	<b>(3,727)</b>	(1,591)
Consolidated profit before taxation	<b>4,711</b>	1,452

#### **(B) Disaggregation of revenue**

In the following table, revenue is disaggregated by primary geographical markets, major products and services lines and timing of revenue recognition.



***For the six months ended 30 June 2021***

	Funeral services RMB'000 (Unaudited)	Stem cells and immunocytes and other businesses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Primary geographical markets</b>			
The PRC	35,521	505	36,026
Taiwan	633	–	633
Hong Kong	468	–	468
Vietnam	144	–	144
	<b>36,766</b>	<b>505</b>	<b>37,271</b>
<b>Major products and services</b>			
Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	35,521	–	35,521
Funeral arrangement and consultancy services	1,101	–	1,101
Sales of burial plots and tombstones	144	–	144
Provision of advisory service on stem cells and immunocytes	–	505	505
	<b>36,766</b>	<b>505</b>	<b>37,271</b>
<b>Timing of revenue recognition</b>			
At a point in time	144	–	144
Transferred over time	36,622	505	37,127
	<b>36,766</b>	<b>505</b>	<b>37,271</b>

For the six months ended 30 June 2020

	Funeral services RMB'000 (Unaudited)	Stem cells and immunocytes and other businesses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Primary geographical markets</b>			
The PRC	27,535	71	27,606
Taiwan	798	–	798
Hong Kong	321	–	321
Vietnam	260	–	260
	28,914	71	28,985
<b>Major products and services</b>			
Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management	27,535	–	27,535
Funeral arrangement and consultancy services	1,119	–	1,119
Sales of burial plots and tombstones	260	–	260
Provision of advisory service on stem cells and immunocytes	–	71	71
	28,914	71	28,985
<b>Timing of revenue recognition</b>			
At a point in time	260	–	260
Transferred over time	28,654	71	28,725
	28,914	71	28,985

(C) **Geographic information**

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment properties, right-of-use assets, intangible assets, interests in associates, goodwill, other deposits and deposits for hire of funeral parlours and funeral services centres ("Specified non-current assets").

The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical locations of Specified non-current assets are based on the physical location of the assets under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to these intangible assets are allocated.

	Revenue from external customers (by customer location)		Specified non-current assets (by physical location)	
	Six months ended 30 June		As at 30 June	As at 31 December
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
The PRC	36,026	27,606	39,010	40,829
Taiwan	633	798	29,579	29,250
Hong Kong	468	321	165	203
Vietnam	144	260	85	111
	<b>37,271</b>	28,985	<b>68,839</b>	70,393

## 5. OTHER INCOME AND OTHER NET GAINS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	76	32
Sundry income	276	578
Rental income from investment properties	580	591
Losses on disposal of property, plant and equipment	–	(2)
Net exchange losses	(22)	(1)
	<b>910</b>	1,198

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the followings:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(a) Finance costs</b>		
Interest on lease liabilities	<b>1,083</b>	1,170
Interest on bank borrowings	<b>86</b>	178
Total interest expenses on financial liabilities not at FVTPL	<b>1,169</b>	1,348
<b>(b) Staff costs (including Directors' emoluments)</b>		
Salaries, wages and other benefits	<b>9,769</b>	8,516
Contributions to defined contribution retirement plans	<b>1,196</b>	1,124
	<b>10,965</b>	9,640
<b>(c) Depreciation</b>		
Right-of-use assets	<b>2,387</b>	2,341
Property, plant and equipment	<b>1,051</b>	914
	<b>3,438</b>	3,255
<b>(d) Other items</b>		
Cost of inventories	<b>4,297</b>	3,345
Rental income from investment properties less direct outgoing of RMB nil (2020: RMB nil)	<b>(580)</b>	(591)

## 7. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
PRC Enterprise Income Tax ("EIT") (Note (c))		
– Current tax	<b>2,704</b>	940
– Underprovision for prior year	<b>192</b>	–
	<b>2,896</b>	940

Notes:

- (a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.
- No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for both the Period and the Prior Period.
- (b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands, Independent State of Samoa ("Samoa") and the British Virgin Islands ("BVI") for both the Period and the Prior Period.
- (c) The subsidiaries operating in the PRC are subject to EIT rate at 25% for both the Current 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% (The Prior Period: 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 2021. Chongqing Xizhou is subject to enterprise income tax rate at 15% for both the Period and the Prior Period.

- (d) Bau Shan Life Science Technology Co., Ltd. (“Bau Shan”), a direct subsidiary of the Company, and Bao De Life Enterprise Co., Ltd. (“Bao De”) and Bu Lao Lin Limited (“BLL”), both indirect subsidiaries of the Company, are subject to Taiwan Enterprise Income Tax at 17% for both the Period and Prior Period 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 accumulated tax loss brought forward which exceed the estimated assessable profits for both the Current Period and Prior Period, and Bao De and BLL have no assessable profits for both 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”), indirect non-wholly-owned subsidiaries of the Company, are subject to Vietnam Corporate Income Tax at 20% (The Prior Period: 20%), 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 both the Period and the Prior Period.

## 8. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the three months and six months ended 30 June 2021 and 2020 are as follow:

	Three months ended 30 June		Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
(Loss)/profit attributable to the owners of the Company (RMB'000)	<b>(312)</b>	2,997	<b>2,345</b>	888
Weighted average number of ordinary shares	<b>742,500,000</b>	742,500,000	<b>742,500,000</b>	742,500,000
Basic (loss)/earnings per share (RMB cents)	<b>(0.04)</b>	0.40	<b>0.32</b>	0.12

**(b) Diluted (loss)/earnings per share**

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the three months and six months ended 30 June 2021 and 2020 as the impact of the share options had anti-dilutive effect on the basic (loss)/earnings per share amounts presented. Therefore, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

## **9. DIVIDENDS**

The Directors do not recommend payment of interim dividend for both the Period and the Prior Period.

## **10. PROPERTY, PLANT AND EQUIPMENT**

**(a) Acquisitions and disposals**

During the Period, the Group acquired items of property, plant and equipment with a cost of approximately RMB592,000 (The Prior Period: RMB100,000). Items of property, plant and equipment with carrying amounts of approximately RMB84,000 were disposed of during the Period (The Prior Period: RMB23,000).

**(b) Valuation**

The freehold land and buildings held by the Group for own were carried at their fair values as determined by the Directors, at 30 June 2021, with reference to recent market transactions for similar properties; and at 31 December 2020, with reference to the valuation reports prepared by an independent firm of surveyors.

During the Period, the revaluation deficit of approximately RMB3,000 (The Prior Period: RMB nil) have been recognised in other comprehensive (expense)/income and accumulated in properties revaluation reserve.

## **11. INVESTMENT PROPERTIES**

**Valuation**

The investment properties held by the Group were carried at its fair value as determined by the Directors, at 30 June 2021, with reference to recent market transactions for similar properties; and at 31 December 2020, with reference to the valuation reports prepared by an independent firm of surveyors.

## 12. FINANCIAL ASSETS DESIGNATED AS AT FVTPL

	<b>At 30 June 2021 RMB'000 (Unaudited)</b>	<b>At 31 December 2020 RMB'000 (Audited)</b>
Mutual funds/unit trusts (established in Taiwan), at fair value (Note)	<b>34,521</b>	33,639

Note:

According to the Mortuary Service Administration Act (殯葬管理條例) in Taiwan, which was first promulgated on 17 July 2002 and further amended on 1 July 2003 and 4 July 2007, the Group has to deposit 75% of the gross receipt of each funeral services deed entered into after 31 July 2003 in financial institutions in Taiwan as trust monies.

The trust monies have been invested, in mutual funds and unit trusts in Taiwan, which were managed by fund managers of these financial institutions in Taiwan. The mutual funds and unit trusts comprise a basket of financial assets including local and foreign currencies bank deposits, bonds and equity securities listed in Taiwan and other foreign stock markets.

Financial assets designated as at FVTPL are presented within “operating activities” as part of changes in working capital in the unaudited condensed consolidated statement of cash flows. The Group has obtained a net realised and unrealised loss, in aggregate, of approximately RMB37,000 for the Period (The Prior Period: loss of RMB42,000). The net realised and unrealised loss of the above financial assets are recorded in “other operating expenses” in the unaudited condensed consolidated statement of profit or loss.

The financial assets above offer the Group the opportunity for return through fair value gain. They have no fixed maturity and coupon rate.

The fair value of the above financial assets is based on their current bid prices in an active market.



### 13. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Trade receivables	1,291	996
Less: Allowance for expected credit losses ("ECLs") (note (a))	(377)	(377)
Trade receivables, net (note (c))	914	619
Prepayments, deposits and other receivables, net	47,671	44,300
	<b>48,585</b>	44,919
Representing:		
Current	46,786	43,820
Non-current	1,799	1,099
	<b>48,585</b>	44,919

Note:

- (a) As at 30 June 2021, ECLs of approximately RMB377,000 (31 December 2020: RMB377,000) were made against the gross amount of trade receivables.

Movements in the ECLs in respect of trade receivables during the Period and the Prior Period are as follows:

	2021 RMB'000	2020 RMB'000
Balance at 1 January (Audited)	377	383
ECLs recognised during the period	-	-
Balance at 30 June (Unaudited)	<b>377</b>	383

- (b) As at 30 June 2021, ECLs of approximately RMB2,751,000 (31 December 2020: RMB2,751,000) were made against the gross amount of other receivables.

Movements in the ECLs in respect of other receivables during the Period and the Prior Period are as follows:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Balance at 1 January (Audited)	<b>2,751</b>	3,993
ECLs recognised during the period	–	–
<b>Balance at 30 June (Unaudited)</b>	<b>2,751</b>	3,993

- (c) Ageing analysis of trade receivables, based on the date of sales of goods or service rendered, as at 30 June 2021 and 31 December 2020 is as below:

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
0 to 180 days	<b>914</b>	619
181 to 365 days	–	–
1 year to 2 years	–	–
	<b>914</b>	619

During the Period, the average credit period on sales, except for sales of burial plots, granted to customers is 45 days (The Prior Period: 45 days).

For sale of burial plots, the customers can elect to make payment on a lump sum basis or settle the contract sum by up to a maximum of 48 monthly instalments. The instalment receivables will be discounted at an appropriate effective interest rate.

There is no credit period granted to customers for the other services rendered by the Group.

## 14. TRADE AND OTHER PAYABLES

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Trade payables (Note)	2,960	2,217
Accruals and other payables	11,887	14,659
Financial liabilities measured at amortised cost	<b>14,847</b>	16,876

Note:

The following is an ageing analysis of trade payables, based on the date of receipt of goods or services received, as at 30 June 2021 and 31 December 2020:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
0 to 30 days	1,887	853
31 days to 90 days	37	260
Over 90 days	1,036	1,104
	<b>2,960</b>	2,217

## 15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial assets and liabilities measured at fair value

#### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by an Executive Director performing valuations for the financial instruments. The team reports directly to the Executive Directors and the Audit Committee. Results of the valuations at each interim and annual reporting date are reviewed and approved by the Executive Directors. Discussion of the valuation process and results with the Executive Directors and the Audit Committee is held twice a year, to coincide with the reporting dates.

	Fair value measurements as at 30 June 2021			
	Fair value at 30 June 2021	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Recurring fair value measurement</b>				
<b>Financial assets:</b>				
Financial assets designated as at FVTPL				
- Mutual funds/unit trusts	34,521	34,521	-	-
	Fair value measurements as at 31 December 2020			
	Fair value at 31 December 2020	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Recurring fair value measurement</b>				
<b>Financial assets:</b>				
Financial assets designated as at FVTPL				
- Mutual funds/unit trusts	33,639	33,639	-	-

During the Period and the Prior Period, there were no transfer between instrument in Level 1 and Level 2 or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

**(b) Fair values of financial instruments carried at other than fair value**

The carrying amounts of the Group's financial instruments carried at costs or amortised costs are not materially different from their fair values as at 31 December 2020 and 30 June 2021.

## 16. CAPITAL COMMITMENTS

As at 30 June 2021 and 31 December 2020, the Group had commitment for the capital injections in associates and a joint venture amounted to approximately RMB8,700,000 and RMB6,500,000 respectively.

## 17. RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors, is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	1,883	1,505
Post-employment benefits	9	7
	<b>1,892</b>	<b>1,512</b>

### (b) Remuneration for close family members of key management personnel

Remuneration for close family members of key management personnel of the Group is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	128	112
Post-employment benefits	–	4
	<b>128</b>	<b>116</b>

**(c) Other related parties transactions**

- (i) On 15 March 2013, a renewal of deed of trust (the “Niao Song Deed”) was entered into between Bau Shan and Ms. Li Pi Hsia (“Ms. Li”), spouse of Mr. Liu Tien-Tsai (“Mr. Liu”), in relation to the land property situated in Taiwan at No. 943 in Section Linnei, Niao Song Township, Kaohsiung County, Taiwan (the “Niao Song Property”). Under the Niao Song Deed, Bau Shan agreed that the Niao Song Property, which is owned by Bau Shan, shall be registered under the name of and held on trust by Ms. Li for Bau Shan for a term of ten years commencing on 15 March 2013. Ms. Li has agreed that she shall act in the interest of Bau Shan in relation to the Niao Song Property during the term of the Niao Song Deed.
- (ii) On 25 March 2016, a deed of trust (the “Neimen Deed”) was entered into between BLL and Mr. Liu in relation to a land property situated in Taiwan at No. 0300-00001 in Section Laizikeng, Neimen District, Kaohsiung County, Taiwan (the “Neimen Property”). Under the Neimen Deed, BLL agreed that the Neimen Property, which is owned by BLL, shall be registered under the name of and held on trust by Mr. Liu for BLL. Mr. Liu has agreed that he shall act in the interest of BLL in relation to the Neimen Property.
- (iii) Mr. Liu signed a tenancy agreement agreeing the Group to lawfully use the property situated at unit 1404 on Level 14, Zhongxing Garden, No. 1 Heping Road, Chongqing City, the PRC (the “Leased Property”) as the staff dormitory at a monthly rent of RMB6,000 starting from 1 January 2021 and the monthly rent is determined annually.
- (iv) On 1 April 2016, BLL was granted by Mr. Liu Ting Husan, close family member of Mr. Liu, on an exclusive basis a licence to use a number of trademarks in connection with the elderly care and related consultancy services of BLL at a consideration of HKD1,000 per year.
- (v) Guarantee for the Group’s bank loan of approximately RMB1,984,000 (31 December 2020: RMB2,118,000) is given by Mr. Liu as at 30 June 2021.

- (vi) On 31 January 2019, Zhongke Guangju Cell Therapy (Guangdong) Co., Ltd.\* (“Zhongke Guangju”), a company incorporated in the PRC with limited liability and is indirectly held as to 30% equity interest by Mr. Xu Jianchun (“Mr. Xu”) and his associates through a controlled company, and Zhongke Zhenqi Biotechnology (Hong Kong) Company Limited (“Zhongke Zhenqi”), a subsidiary of the Group, entered into an agency agreement (the “Agency Agreement”). Pursuant to the Agency Agreement, Zhongke Guangju has agreed to engage Zhongke Zhenqi as a tier 1 agent to represent its sales and/or services of stem cells and immunocytes in the PRC, Hong Kong and Macau.

Zhongke Guangju, as service provider, will in addition to providing stem cells and immunocytes products and/or services, be responsible for complimentary advisory and promotional materials. Zhongke Zhenqi, as agent, will be responsible for market development, market promotion and providing market feedback to Zhongke Guangju. The prices of the products and/or services provided by Zhongke Guangju were arrived at after arm’s length negotiations between both parties and are consistent with the prices provided by Zhongke Guangju to existing agents. Zhongke Guangju may determine at its own discretion the sale prices of the relevant products and/or services based on market conditions. During the Period, Zhongke Zhenqi has received service fee of RMB505,000 (The Prior Period: RMB71,000).



(d) **Amounts due from/(to) other related parties**

Particular of amounts due from/(to) other related parties, which are included in trade and other receivables or in trade and other payables are disclosed as follows:

		<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	<b>As at 31 December 2020 RMB'000 (Audited)</b>
Ms. Chang Hui-Lan	Key management personnel	–	90
Mr. Liu Ting Hsuan	Close family member of key management personnel	<b>(32)</b>	<b>(264)</b>

The amounts are unsecured, interest free and repayable on demand.

(e) **Amounts due to directors**

Particular of amounts due to directors are disclosed as follows:

		<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	<b>As at 31 December 2020 RMB'000 (Audited)</b>
Mr. Liu		<b>1,140</b>	1,143
Mr. Xu		–	2,517
		<b>1,140</b>	<b>3,660</b>

The amounts are unsecured, interest free and repayable on demand.

(f) **Amount due to a shareholder**

Particular of amount due to a shareholder is disclosed as follows:

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Hong Kong Gaoqi Biological Technology Company Limited	<b>12,111</b>	12,221

As at 30 June 2021, the amount due to a shareholder classified as current liabilities amounting to approximately RMB9,931,000 (31 December 2020: RMB10,024,000) are unsecured, interest-free and repayable on demand, and approximately RMB517,000 (31 December 2020: RMB520,000) are unsecured, interest-free and repayable within one year, while the remaining portion of RMB1,663,000 (31 December 2020: RMB1,677,000) are unsecured, interest-free and repayable over one year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the six months ended 30 June 2021 (the “Period”), and the corresponding period in 2020 (the “Prior Period”), the amount and percentage of the revenue derived from respective geographical segments were as follow:

	Six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
The People’s Republic of China (the “PRC”)	<b>36,026</b>	<b>96.7</b>	27,606	95.2
Taiwan	<b>633</b>	<b>1.7</b>	798	2.8
Hong Kong Special Administrative Region of the PRC (“Hong Kong”)	<b>468</b>	<b>1.3</b>	321	1.1
Socialist Republic of Vietnam (“Vietnam”)	<b>144</b>	<b>0.3</b>	260	0.9
<b>Total</b>	<b>37,271</b>	<b>100.0</b>	28,985	100.0

### *The PRC*

Business in the PRC continues to be the major source of income of the operations of the Group during the Period. The Group’s revenue derived from the PRC market was approximately RMB36,026,000 for the Period (The Prior Period: RMB27,606,000), representing an increase of approximately 30.5% from 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 in Chongqing. The Group also carried out the advisory service on the stem cell and immunocytes under an agency agreement in Guangzhou city, Guangdong province.

The provision of funeral, cremation and cemetery services business and sales of the stem cell and immunocytes contributed approximately RMB35,521,000 (The Prior Period: RMB27,535,000) and RMB505,000 (The Prior Period: RMB71,000), respectively, of the revenue in the PRC during the Period.

In the PRC, there had been a phased suspension of group gathering activities such as vigil and farewell in Chongqing due to the outbreak of Coronavirus Disease (“COVID-19”) pandemic in the first quarter of 2020. With the relief of the COVID-19 pandemic in the PRC since the third quarter of 2020, the group gathering activities were allowed to be resumed, leading to an increase in revenue from such business segment during the Period as compared with the Prior Period.

### *Taiwan and Hong Kong*

In Taiwan and Hong Kong, the Group is principally engaged in the sales of funeral services deeds, which was accounted for by the Group as receipt in advance, 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. The Group also carries out sales of advance biotechnical machineries and other electronic products in Hong Kong.

Revenue derived from the Taiwan market was approximately RMB633,000 for the Period (The Prior Period: RMB798,000), representing a decrease of approximately 20.7% from the Prior Period. On the other hand, revenue derived from the Hong Kong market was approximately RMB468,000 for the Period (The Prior Period: RMB321,000), representing an increase of approximately 45.8% from the Prior Period.

During the second quarter of 2021 in Taiwan, there was another round of outbreak of COVID-19 pandemic and the Taiwan government has adopted another round of control measures including business shutdown, traffic control and personnel isolation, causing a drop in revenue from Taiwan’s business.

On the other hand, as the foreign governments requested biotechnical companies to give priority to the production of epidemic prevention supplies in order to cope with the COVID-19 pandemic, the Group's sales of biotechnical machinery business was deferred because overseas suppliers of this business segment were unable to produce and deliver on time and accept new orders. However, the funeral arrangement and related consultancy services recorded an increase of approximately RMB147,000 in revenue during the Period, resulting in an year on year increase of approximately 45.8% in revenue in Hong Kong market after the release of the COVID-19 pandemic control measures during the Period.

### ***Vietnam***

The Group's revenue derived from the sales of burial plots in Vietnam was approximately RMB144,000 for the Period (The Prior Period: RMB260,000), representing a decrease of approximately 44.6% from the Prior Period.

The decrease was mainly due to the government imposed a temporary lockdown in Vietnam as the COVID-19 pandemic was getting serious during the Period.

## **FINANCIAL REVIEW**

For the Period, the Group's revenue was approximately RMB37,271,000 (The Prior Period: RMB28,985,000), representing an increase of approximately 28.6% for the Prior Period. The increase was mainly contributed by the funeral services business in the PRC as the result of the release of the COVID-19 pandemic control measures in the PRC since the third quarter of 2020.

Cost of sales for the Period was approximately RMB15,570,000 (The Prior Period: RMB13,361,000), increased by approximately 16.5% as compared with the Prior Period. The increase in cost of sales for the Period was in line with the increase in revenue of the Group, which was also contributed by the funeral services business in the PRC.

The Group recorded other income and other net gains of approximately RMB910,000 during the Period and represented a decrease of approximately 24.0% as compared with the Prior Period of approximately RMB1,198,000.

Compared with the Prior Period, selling expenses for the Period decreased by approximately 10.0% to approximately RMB2,796,000 as the result of the reduction of advertising activities during the Period.

Administrative expenses, which accounted for approximately 36.9% (The Prior Period: 37.4%) of revenue, increased by approximately 26.9% to approximately RMB13,764,000 (The Prior Period: RMB10,844,000) due to the general increase in the salary level across different geographical segments 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 RMB2,345,000 (the Prior Period: RMB888,000). Earnings per share for the Period was approximately RMB0.32 cents (The Prior Period: RMB0.12 cents).

The outbreak of COVID-19 pandemic continued to impact on the global business environment. Up to the date of this report, COVID-19 pandemic has not caused material financial difficulties to the Group. The Group remained in a healthy and sound liquidity position as at 30 June 2021.

Depending on the development and spread of COVID-19 pandemic, subsequent to the date of this report, further changes in economic conditions for the Group arising thereof may have impact on the financial results for the three months ended 30 September 2021 of the Group, the extent of which could not be estimated as at the date of this report. The Group will keep continuous attention on the situation of COVID-19 pandemic and react actively to its impact on the financial position and operating results of the Group.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group maintains a stable financial position. As at 30 June 2021, the Group had cash and bank balances of approximately RMB125,616,000 (31 December 2020: RMB123,674,000) and restricted bank balances of approximately RMB3,000,000 (31 December 2020: RMB nil), while current and non-current bank borrowings were approximately RMB1,170,000 and approximately RMB5,408,000 respectively (31 December 2020: RMB1,138,000

and RMB5,826,000 respectively). All bank loans were denominated in New Taiwan Dollars (“NTD”), at prevailing market interest rate. During the Period, the Group did not use any financial instruments for hedging purposes.

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. As at 30 June 2021, the gearing ratio representing the ratio of total borrowing to the total assets of the Group was approximately 2.3% (31 December 2020: 2.5%).

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

The Group’s operations are geographically based in the PRC, Taiwan, Hong Kong and Vietnam.

The unaudited condensed consolidated interim financial statements of the Group are presented in RMB, except for certain incomes and expenses which are denominated in USD, NTD, HKD and Vietnamese Dong (“VTD”).

It is possible that the value of RMB may fluctuate against that of USD, NTD, HKD and VTD. The Group’s operating results and financial condition may be affected by changes in the exchange rates of RMB against USD, NTD, HKD and VTD in which the Group’s revenue and expenses are denominated.

As at 30 June 2021, the Group did not have any borrowings, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

## **SIGNIFICANT ACQUISITIONS AND DISPOSAL OF INVESTMENTS**

The Group did not have any significant acquisitions and disposal of investments during the Period.

## **CHARGE ON GROUP ASSETS**

As at 30 June 2021, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings was approximately RMB20,970,000 (31 December 2020: RMB20,394,000).

## **THE NUMBER AND REMUNERATION OF EMPLOYEES**

As at 30 June 2021, the Group employed 200 employees (31 December 2020: 179 employees). The Group determines staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages including performance bonuses and entitlements to share options are reviewed on regular basis.

## **CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

As at 30 June 2021 and 31 December 2020, the Group had commitment for the capital injections in associates and a joint venture, in aggregate, amounted to RMB15,200,000.

The Group did not have any contingent liabilities as at 30 June 2021 and 31 December 2020.

Save as disclosed above and in note 16 to these unaudited condensed consolidated financial statements, the Group had no other material capital commitments, material contracts, contingent liabilities or significant investment plans.

## **PROSPECTS**

Though a global economic recovery is in sight, the Group expects that 2021 will continue to be a challenging year due to the persistent epidemic effect across the globe, it is difficult to predict how long it will last. The market currently took a wait-and-see attitude to the epidemic effect. Yet, the Board believes that the Group's business is rather stable as our business is currently focused on mainland China.



Meanwhile, despite mainland China recorded a record GDP growth rate in the first quarter of 2021 after the mainland China's re-opening last year, there was an evidence of the slowdown in economic growth in second half of 2021.

However, due to our business nature, the COVID-19 pandemic has almost no adverse effect on the provision of funeral services, cremation and cemetery services, and the Group recorded positive year-on-year growth in China. On the other hand, the Group implemented a diversified development strategy since early 2019, prioritising the pilot stem cell business, and developing stem cells, culture media, equipment and other related businesses. After two years of initial development, this business has made substantial progress with the efforts of the management.

Up to the date of this report, the COVID-19 pandemic has not caused material financial difficulties to the Group. The Group will pay continuous attention on the situation of the COVID-19 pandemic and react actively to its impact on the financial position and operating results of the Group.

Looking ahead, from business layout perspective, the Group will continue to adhere to the diversified development strategy. While consolidating traditional funeral services, the Group will actively seize the significant opportunities of the booming development of the emerging industries in biotechnology and allocate more resources to support the development of the Group's biotechnology business. Biotechnology is a cross-disciplinary and an interdisciplinary. It is an inevitable trend to integrate and to develop with artificial intelligence, big data, new materials, internet and other technologies in the future. The Group will give full play to the key empowerment of investment and make its investment layout revolving around the biotechnology industry as its direction of development in order to build a business model driven by "industry + investment". Therefore, the Group will carry out equity and securities investment businesses, and continue to expand the scale of investment business. From operational management perspective, the Group will formulate a combination of various incentives to attract and retain cutting-edge talents, management talents and relevant persons who have contributed to the development of the Group, so as to improve the current operating conditions of the Group and optimize the business structure Enhance profitability and promote the long-term sustainable and high-quality development of the Group's business.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations**

As at 30 June 2021, none of the Directors or chief executives of the Company had any interests or short positions in the shares (the "Shares"), underlying shares (the "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, Chapter 571 under 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 the SFO (including any interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the 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 June 2021, 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 the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" 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:

### Aggregate long positions in the Shares

<b>Name of Shareholder</b>	<b>Capacity/Nature of Interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Hong Kong Gaoqi Biological Technology Company Limited ("HK Gaoqi")	Beneficial Owner (Note)	220,475,000	29.69%

Note: Mr. Xu Jianchun, the Company's Director, is also a director of HK Gaoqi in which he holds 25.55% equity interest.

Saved as disclosed above, as at 30 June 2021, 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 the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" 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, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were expected, directly or indirectly, to be interested in 5% or more of the Shares.

## **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 its Associated Corporations" 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 interim report.

## SHARE OPTION SCHEME

The old share option scheme, which was adopted by the Company on 24 August 2009, was expired and there was no outstanding share option. A new share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company at the extraordinary general meeting of the Company held on 22 April 2021. The Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption of the Share Option Scheme from 22 April 2021 (the "Date of Adoption") (that is from 22 April 2021 to 21 April 2031). The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to the participants and to promote the success of the business of the Group. The participants include any director, employee (full-time and part-time), advisor, consultant, supplier, agent, customer, partner or joint-venture partner of the Company or any subsidiary of the Company, who, in the absolute discretion of the Board, has contributed or may contribute to the Group so as to promote the success of the business of the Group.

The Company may grant to eligible participants (including any director, employee, advisors consultant, supplier, agent, customer, partner or joint-venture partner of the Company or any subsidiary of the Company whom the Board considers, in its sole discretion, have contributed or will contribute to the Group) options to subscribe shares in the Company, subject to a maximum of 10% of the total number of shares of the Company in issue as at the Date of Adoption and as at the approval date of refreshment from time to time, excluding for this purpose shares issued on the exercise of options.

The subscription price for Shares under the Share Option Scheme shall be determined at the absolute discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

Upon acceptance of the options, the grantee of the Share Option Scheme shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 10 days from the date of offer. The exercise period of any option granted under the Share Option Scheme is determined by the Board upon granting the options but in any event must not be more than 10 years commencing on the date of grant.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the Share Option Scheme. The Board may seek approval by the shareholders of the Company at general meeting to refresh the 10% limit. However, the total number of shares available for issue under exercise of options which may be granted under the Share Option Scheme in these circumstances must not exceed 10% of the total number of shares of the Company in issue as at the date of approval of the refreshment of the 10% limit.

The total number of shares available for issue under the Share Option Scheme is 74,250,000 shares of the Company, representing approximately 10% of the total number of shares of the Company in issue as at the date of this interim report.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time and the maximum number of shares in respect of which options may be granted to each eligible participant shall not exceed 1% of the total number of shares of the Company in issue for the time being in any 12-month period up to and including the date of offer of the grant.

No share option has been granted under the Share Option Scheme since the Date of Adoption.

## **PURCHASE, SALE OR REDEMPTION OF 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.

## **CORPORATE GOVERNANCE**

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 to the GEM Listing Rules (the "Code"). The principles adopted by the Company emphasize a quality board, transparency and accountability to the shareholders of the Company. In the opinion of the Board, the Company has complied with the code provisions set out in the Code for the Period except for the code provisions A.6.7 and E.1.2 of the Code, as set out below.

Under the code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. In addition, under the code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Certain Directors, for the time when the annual general meeting of the Company held on 4 June 2021 ("2021 AGM"), were not able to come to Hong Kong to attend the 2021 AGM because of the outbreak of the COVID-19 in Hong Kong. In this regard, the compliance officer (the "Compliance Officer") and company secretary (the "Company Secretary") of the Company had reminded the relevant Directors to attend general meetings of the Company in future for compliance of code provisions A.6.7 and E.1.2 as set out in the Code.

## **CHANGES IN INFORMATION OF DIRECTORS**

Upon specific enquiry by the Company and following confirmations from the Directors, there has no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules subsequent to the date of annual report for the year ended 31 December 2020.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct throughout the Period.

## **NON-COMPLIANCE WITH FINANCIAL REPORTING PROVISIONS OF THE GEM LISTING RULES**

Due to the travel restriction in force in Vietnam to combat the outbreak of COVID-19 pandemic, the audit of the financial statements of the Group for the year ended 31 December 2020 has been affected. The Company was unable to publish and despatch the audited annual results for the financial year ended 31 December 2020 (the "2020 Annual Results") and the related annual report for the year ended 31 December 2020 (the "2020 Annual Report") on or before 31 March 2021 as required by the GEM Listing Rules. Such delay has constituted non-compliance with Rules 18.03 and 18.49 of the GEM Listing Rules. However, in accordance with the FURTHER GUIDANCE ON THE JOINT STATEMENT IN RELATION TO RESULTS ANNOUNCEMENTS IN LIGHT OF THE COVID-19 PANDEMIC released on 16 March 2020 ("Further Guidance") by The Securities and Futures Commission and the Stock Exchange, an issuer may defer the publication of the annual report initially for up to 60 days from the date of the Further Guidance if, among other things, on or before 15 May 2021. The Company has published its preliminary 2020 Annual Results without its auditors' agreement pursuant to the Further Guidance on 31 March 2021. The supplemental announcements on the 2020 Annual Results have been published on 16 April 2021 and the 2020 Annual Report has been published and delivered on 30 April 2021.



## AUDIT COMMITTEE

The Company has established 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 June 2021, 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 Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

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

13 August 2021

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