



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
THIRD QUARTERLY REPORT



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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.

CONDENSED CONSOLIDATED QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

The board (the “Board”) of Directors 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 (the “Period”) 30 September 2021 together with the comparative unaudited figures for the corresponding periods in 2020 (the “Prior Period”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	4	16,482	18,162	53,753	47,147
Cost of sales and services rendered		(7,649)	(9,074)	(23,219)	(22,435)
Gross profit		8,833	9,088	30,534	24,712
Other income and other net gains		659	846	1,569	2,044
Selling expenses		(1,241)	(1,215)	(4,037)	(4,322)
Administrative expenses		(6,364)	(5,750)	(20,128)	(16,594)
Other operating (expenses)/income		(134)	1	(305)	(70)
Profit from operations		1,753	2,970	7,633	5,770
Finance costs		(536)	(591)	(1,705)	(1,939)
Profit before taxation		1,217	2,379	5,928	3,831
Income tax expense	5	(886)	(691)	(3,782)	(1,631)
Profit for the period		331	1,688	2,146	2,200
Other comprehensive income for the period					
Item that will not be reclassified to profit or loss:					
Deficit on revaluation of land and buildings held for own use		(2)	-	(5)	-
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		1,240	(4,338)	2,976	(1,917)
Other comprehensive income/(expenses) for the period, net of income tax		1,238	(4,338)	2,971	(1,917)
Total comprehensive income/(expenses) for the period, net of income tax		1,569	(2,650)	5,117	283

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

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Profit/(loss) attributable to:					
Owners of the Company		442	1,942	2,787	2,830
Non-controlling interests		(111)	(254)	(641)	(630)
		331	1,688	2,146	2,200
Total comprehensive income/(expenses) attributable to:					
Owners of the Company		1,750	(2,338)	5,607	983
Non-controlling interests		(181)	(312)	(490)	(700)
		1,569	(2,650)	5,117	283
Earnings per share					
Basic and diluted (RMB cents)	6	0.06	0.26	0.38	0.38

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 currency translation reserve	Share-based compensation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2019 (Audited) and 1 January 2020 (Unaudited)	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	-	-	-	-	-	-	-	-	2,830	2,830	(630)	2,200
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(1,847)	-	-	(1,847)	(70)	(1,917)
Other comprehensive income	-	-	-	-	-	-	(1,847)	-	-	(1,847)	(70)	(1,917)
Total comprehensive (expenses)/ income for the period	-	-	-	-	-	-	(1,847)	-	2,830	983	(700)	283
Transfer of statutory reserve and statutory surplus reserve	-	-	-	6,213	2,335	-	-	-	(8,548)	-	-	-
Lapse of share option	-	-	-	-	-	-	-	(7,027)	7,027	-	-	-
At 30 September 2020 (Unaudited)	69,218	220,633	(16,261)	7,003	3,885	2,998	(17,089)	-	(143,375)	127,012	(9,080)	117,932
At 31 December 2020 (Audited) and At 1 January 2021 (Unaudited)	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	-	-	-	-	-	-	-	-	2,787	2,787	(641)	2,146
Deficit on revaluation of land and buildings held for own use	-	-	-	-	-	(5)	-	-	-	(5)	-	(5)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	2,825	-	-	2,825	151	2,976
Other comprehensive income	-	-	-	-	-	(5)	2,825	-	-	2,820	151	2,971
Total comprehensive (expenses)/ income for the period	-	-	-	-	-	(5)	2,825	-	2,787	5,607	(490)	5,117
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,780	5,780
Disposal of a subsidiary	-	-	-	-	-	-	-	-	245	245	(1,208)	(963)
At 30 September 2021 (Unaudited)	69,218	220,633	(16,261)	790	12,058	3,136	(16,345)	-	(148,107)	125,122	(3,462)	121,660

NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

1. GENERAL

The Company was incorporated on 24 February 2005 in 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 ("PRC"), Taiwan and Hong Kong Special Administrative Region, the PRC ("Hong Kong"), and sale of burial plots and tombstones and provision of cemetery maintenance services in Socialist Republic of Vietnam ("Vietnam"). 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 unaudited condensed 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 unaudited condensed consolidated third quarterly 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 HKFRSs.

These unaudited condensed consolidated third quarterly 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 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 unaudited condensed consolidated third quarterly financial statements.

These unaudited condensed 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 unaudited condensed consolidated third quarterly financial statements in conformity with the HKFRSs 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 third quarterly 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 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 unaudited condensed 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 unaudited condensed consolidated third quarterly financial statements were reclassified which would result in a more appropriate presentation of events or transactions.

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 third quarterly financial statements 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 unaudited condensed consolidated third quarterly financial statements.

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 standards in the current period has had no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated third quarterly 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

		Effective for accounting periods beginning on or after
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

The amount of each significant category of revenue recognised in revenue for the Period and the Prior Period is as follows:

	Nine months ended	
	30 September	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Funeral services and cremation services provided in funeral parlours and funeral services centres under the Group's management	51,065	42,862
Funeral arrangement and related consultancy services	1,809	1,804
Sales of burial plots and tombstones	146	259
Provision of advisory services on stem cells and immunocytes	733	2,222
	53,753	47,147

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

Revenue from external customers

	Nine months ended	
	30 September	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The PRC	51,798	43,219
Taiwan	1,045	1,439
Hong Kong	764	2,230
Vietnam	146	259
Total	53,753	47,147

5. INCOME TAX EXPENSE

- (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 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% (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 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% (The Prior Period: 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, 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”), the indirect non-wholly-owned subsidiaries of the Company, are subject to Vietnam Corporate Income Tax at 20% and 20% (The Prior Period: 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 2021 and 2020 are as follow:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (RMB'000)	442	1,942	2,787	2,830
Weighted average number of ordinary shares	742,500,000	742,500,000	742,500,000	742,500,000
Basic earnings per share (RMB cents)	0.06	0.26	0.38	0.38

(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 2021 and 2020 as the impact of the share options had anti-dilutive effect on the basic earnings per share amounts presented. Therefore, the diluted earnings per share is the same as the basic earnings per share.

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 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:

	Nine months ended 30 September			
	2021		2020	
	RMB'000	%	RMB'000	%
The People's Republic of China (the “PRC”)	51,798	96.4	43,219	91.7
Taiwan	1,045	1.9	1,439	3.1
Hong Kong Special Administrative Region, the PRC (“Hong Kong”)	764	1.4	2,230	4.7
Socialist Republic of Vietnam (“Vietnam”)	146	0.3	259	0.5
Total	53,753	100.0	47,147	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 RMB51,798,000 for the Period (The Prior Period: RMB43,219,000), representing an increase of approximately 19.9% 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 services 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 advisory services on the stem cell and immunocytes contributed approximately RMB51,065,000 (The Prior Period: RMB42,862,000) and RMB733,000 (The Prior Period: RMB357,000), 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 machineries and parts in Hong Kong during the Period.

Revenue derived from the Taiwan market was approximately RMB1,045,000 for the Period (The Prior Period: RMB1,439,000), representing a decrease of approximately 27.4% from the Prior Period. On the other hand, revenue derived from the Hong Kong market was approximately RMB764,000 for the Period (The Prior Period: RMB2,230,000), representing a decrease of approximately 65.7% 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 were deferred because overseas suppliers of this business segment were unable to produce and deliver on time and accept new orders. However, the revenue from funeral arrangement and related consultancy services in Hong Kong recorded an increase of approximately RMB399,000, representing an year on year increase of approximately 115%, after the relaxation 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 RMB146,000 for the Period (The Prior Period: RMB259,000), representing a decrease of approximately 43.6% from the Prior Period.

The decrease was mainly because the government imposed a temporary lockdown in Vietnam as the result of another round of outbreak of the COVID-19 pandemic during the Period.

FINANCIAL REVIEW

For the Period, the Group's revenue was approximately RMB53,753,000 (The Prior Period: RMB47,147,000), representing an increase of approximately 14.0% as compared with the Prior Period. The increase was mainly contributed by the funeral services business in the PRC as the result of the relaxation of the COVID-19 pandemic control measures in the PRC since the third quarter of 2020.

Cost of sales for the Period was approximately RMB23,219,000 (The Prior Period: RMB22,435,000), increased by approximately 3.4% as compared with the Prior Period. The increase in cost of sales for the Period was also contributed by the funeral services business in the PRC.

Other gains, which was approximately RMB1,569,000 during the Period, was relatively stable as compared with approximately RMB2,044,000 for the Prior Period.

Compared with the Prior Period, selling expenses for the Period decreased by approximately 6.6% to approximately RMB4,037,000 as the result of the reduction of advertising activities during the Period.

Administrative expenses, which accounted for approximately 37.4% (The Prior Period: 35.2%) of revenue, increased by approximately 21.2% to approximately RMB20,128,000 (The Prior Period: RMB16,594,000) 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 RMB2,787,000, as compare with approximately RMB2,830,000 for the Prior Period. Earnings per share for the Period was approximately RMB0.38 cents (The Prior Period: RMB0.38 cents).

The outbreak of COVID-19 pandemic had 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 September 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 year ending 31 December 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.

SIGNIFICANT ACQUISITIONS AND DISPOSALS OF INVESTMENTS

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

PROSPECTS

Due to the persistent epidemic effect across the globe, the global supply chain has suffered unprecedented challenges, which has adversely affected the recovery of the global economy. It is still difficult to predict the duration of the epidemic and the Group expects that the future in short term will continue to be a challenging. Yet, the Board believes that the Group's business is rather stable as our business is currently focused on mainland China.

Since the outbreak of the epidemic, mainland China has always adhered to strict epidemic prevention and control measures to provide strong safeguard for enterprises to carry out production and operation activities.

In the first quarter of 2021, mainland China recorded a record high GDP growth rate. Despite there was evidence of the slowdown in economic growth thereafter, with the continuous promotion of the national innovation-driven strategy, strategic emerging industries which focus on new energy, new materials, Internet of Things, artificial intelligence, and biotechnology will usher in vigorous development.

Due to the Group's business nature, the COVID-19 pandemic has limited adverse effect on the provision of funeral services, and cremation and cemetery services. The Group recorded positive year-on-year growth in the PRC. On the other hand, the Group implemented a diversified development strategy since early 2019, which prioritises the pilot stem cell business and develops stem cells, culture media, equipment and other related businesses, and made a substantial progress. Base on this foundation, the Group will construct a business model driven by "industry + investment", give full play to the key empowerment of investment and establish a specialized and comprehensive investment platform to invest around the development direction of biotechnology, including but not limited to, biomedicine, medical healthcare, life science instrument, etc., as well as those emerging industries which could create synergy effect to the Group's biotechnology business.

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. Through commencing equity and securities investment business, which is centered on the development direction of the biotechnology industry, and will actively seek suitable investment goals and opportunities from time to time to expand the investment scale of the Group and maximize the investment income of the Group and the return to shareholders of the Company.

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, optimize the business structure, enhance profitability, and promote the long-term sustainable and high-quality development of the Group's business. Nonetheless, 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.

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 September 2021, the interests and short positions held by 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 (Cap. 571 of the Laws of Hong Kong) (the "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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Aggregate long positions in the Shares

Name	Nature of interests	Number of Shares held	Approximate percentage of total issued share capital
Mr. XU Jianchun ("Mr. Xu") (<i>Chairman and executive Director</i>)	Interests of controlled corporation (Note 1)	220,475,000	29.69%

Note:

1. Mr. Xu is interested in 220,475,000 Shares through his controlling interests in Hong Kong Gaoqi Biological Technology Company Limited (“HK Gaoqi”). Mr. Xu is interested in HK Gaoqi through his 25.55% direct beneficial interests and 9.78% through Houp Bio-Technology Limited (“HBT Limited”), a company incorporated in the British Virgin Islands. HBT Limited has two classes of shares, namely class A and class B, in which shareholders of class A and class B have 30 votes and 1 vote per share in the shareholders’ meeting respectively. Mr. Xu holds 94.07% class A interests and Ms. Qiu Qi (邱琪), the spouse of Mr. Xu, holds 5.93% class A interests and 10.74% class B interests in HBT Limited. By virtue of the SFO, Mr. Xu is taken to be interested in all the shares held by Ms. Qiu Qi, so Mr. Xu collectively holds 86.78% of the total voting rights of HBT Limited, and in turn is interested in 9.78% of HK Gaoqi. Accordingly, Mr. Xu is deemed to be interested in all the Shares held by HK Gaoqi by virtue of SFO.

Save as disclosed above, as at 30 September 2021, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the Shares, Underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 September 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 persons and corporations have interests 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

Name of Shareholder	Capacity/ Nature of Interests	Number of Shares held	Approximate percentage of the issued share capital of the Company
HK Gaoqi	Beneficial Owner (Note 1)	220,475,000	29.69%
Ms. QIU Qi	Interests of controlled corporation (Note 2)	220,475,000	29.69%

Notes:

1. Mr. Xu is the director of HK Gaoqi, which holds 29.69% Shares, and the director of HBT Limited, which holds 9.78% of equity interests in HK Gaoqi. Mr. Xu is interested in HK Gaoqi through his 25.55% direct beneficial interests and 9.78% through HBT Limited. HBT Limited has two classes of shares, namely class A and class B, in which shareholders of class A and class B have 30 votes and 1 vote per share in the shareholders' meeting respectively, and Mr. Xu holds 94.07% class A interests in HBT Limited and Ms. Qiu Qi, the spouse of Mr. Xu, holds 5.93% class A interests and 10.74% class B interests in HBT Limited. By virtue of the SFO, Mr. Xu is taken to be interested in all the shares held by Ms. Qiu Qi, so Mr. Xu collectively holds 86.78% of the total voting rights of the HBT Limited, and in turn is interested in 9.78% of HK Gaoqi.
2. By virtue of the SFO, Ms. Qiu Qi, the spouse of Mr. Xu, is taken to be interested in all the shares held by Mr. Xu.

Saved as disclosed above, as at 30 September 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' SERVICE CONTRACTS

As at 30 September 2021, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at 30 September 2021, none of the Directors had any interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

During the Period, save for the agency agreement (the "Agency Agreement"), dated 31 January 2019, entered into between 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, and Zhongke Guangju Cell Therapy (Guangdong) Co., Ltd.* (中科廣聚細胞醫療(廣東)有限公司), a connected person of the Company which is controlled by Mr. Xu and his associates, none of the Directors and their respective associates was, directly or indirectly, materially interested in any contract or arrangement which was significant in relation to the business of the Group to which the Company or any of its subsidiaries was a party. For details of the Agency Agreement, please refer to the announcements of the Company dated 31 January 2019 and 1 February 2019.

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

As disclosed in the announcement (the "Announcement") dated 13 September 2021 and the circular (the "Circular") dated 29 October 2021 of the Company with respect to (i) the major and connected transaction in relation to the capital increase in Zhongke Zhenhui; and (ii) the major transaction in relation to the formation of the JV Company, the Company has entered into the Capital Increase Agreement and the JV Agreement on 13 September 2021. Capitalised terms used in this report shall bear the same meanings as those defined in the Announcement and the Circular unless the context requires otherwise.

If the Capital Increase and the Formation of the JV Company are crystallised, the Group through (i) the JV Company will engage in equity and/or securities investment business; and (ii) Zhongke Zhenhui engaged in technical development and consultation services, investment activities and business management consultation. The businesses of Nanyue AM are mainly engaged in asset management, investment management, equity investment and investment consulting services through its private equity funds. Mr. Xu is a director of Nanyue AM and, together with his associates, ultimately owned as to approximately 71.25% equity interests of Nanyue AM, therefore, Mr. Xu may be regarded as being interested in the competing business with the business of the Group.

As the Company's management and administrative structure are independent to that of Nanyue AM, and coupled with the diligence of the independent non-executive Directors and the audit committee of the Company (the "Audit Committee"), the Group is capable of carrying its businesses independently on an arm's length basis.

For details, please refer to the Announcement and the Circular.

Save as disclosed above, 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 quarterly report.

PURCHASE, SALE AND 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.

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

Due to the travel restriction in force in Taiwan and 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 (the “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 September 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

12 November 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.