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)

HALF YEARLY RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

This announcement, for which the directors (the "Directors") of Sino-Life Group Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, include particulars given in compliance with 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: (i) the information contained in this announcement and report is accurate and complete in all material respects and not misleading or deceptive, and (ii) there are no other matters the omission of which would make any statement in this announcement or report misleading.

HALF YEARLY RESULTS (UNAUDITED)

The board of Directors (the "Board") is here to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2014 together with the comparative unaudited consolidated figures for the corresponding period in 2013. The interim financial statements have not been audited, but have been reviewed and agreed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Three months ended 30 June		Six months ended 30 June	
		2014	2013	**2014**	2013
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Turnover	*4(a)*	**17,636**	13,615	**40,871**	29,730
Cost of sales		**(3,475)**	(3,321)	**(10,439)**	(7,607)
Gross profit		**14,161**	10,294	**30,432**	22,123
Other revenue and other net gain	*5*	**628**	985	**1,520**	1,984
Selling expenses		**(5,970)**	(6,086)	**(12,227)**	(12,060)
Administrative expenses		**(8,249)**	(9,521)	**(17,099)**	(18,821)
Other operating expenses		**(86)**	–	**(321)**	(470)
Profit/(loss) from operations		**484**	(4,328)	**2,305**	(7,244)
Finance costs	*6(a)*	**(72)**	(123)	**(128)**	(139)
Profit/(loss) before taxation	*6*	**412**	(4,451)	**2,177**	(7,383)
Income tax	*7*	**(275)**	(62)	**(747)**	(249)
Profit/(loss) for the period		**137**	(4,513)	**1,430**	(7,632)
Other comprehensive income/(loss) for the period (after tax)					
Item that will not be reclassified to profit or loss:					
Surplus on revaluation of land and buildings held for own use		**179**	240	**179**	240
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of operations outside the People's Republic of China ("non-PRC operations")		**897**	(3,402)	**1,926**	(4,946)
Other comprehensive income/(loss) for the period, net of tax		**1,076**	(3,162)	**2,105**	(4,706)
Total comprehensive income/(loss) for the period, net of tax		**1,213**	(7,675)	**3,535**	(12,338)

	Note	Three months ended 30 June		Six months ended 30 June	
		2014	2013	**2014**	2013
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit /(loss) attributable to:					
Owners of the Company		**181**	(4,391)	**1,368**	(7,375)
Non-controlling interests		**(44)**	(122)	**62**	(257)
		137	(4,513)	**1,430**	(7,632)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**1,131**	(7,494)	**3,154**	(12,015)
Non-controlling interests		**82**	(181)	**381**	(323)
		1,213	(7,675)	**3,535**	(12,338)
Earnings/(loss) per share	*8*				
Basic and diluted		**RMB0.02 cent**	RMB(0.59) cent	**RMB0.18 cent**	RMB(0.99) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**59,937**	57,978
Prepaid lease payments		**3,712**	3,753
Intangible assets		**2**	2
Deposits for hire of funeral parlours and funeral services centres	12	**2,700**	3,700
		66,351	65,433
CURRENT ASSETS			
Financial assets designated as at fair value through profit or loss	11	**38,974**	40,558
Development and formation costs		**6,570**	6,525
Inventories		**742**	637
Tax recoverable		**4**	40
Trade and other receivables	12	**72,082**	66,293
Prepaid lease payments		**82**	82
Pledged bank deposits		**21,453**	–
Cash and cash equivalents		**122,634**	122,820
		262,541	236,955
CURRENT LIABILITIES			
Trade and other payables	13	**12,688**	9,143
Receipts in advance		**95,493**	95,820
Current portion of bank borrowings	14	**20,683**	602
Current portion of other loan	14	**–**	106
Current taxation		**1,662**	1,788
		(130,526)	(107,459)
NET CURRENT ASSETS		**132,015**	129,496
TOTAL ASSETS LESS CURRENT LIABILITIES		**198,366**	194,929
NON-CURRENT LIABILITIES			
Bank borrowings	14	**8,210**	8,309
		(8,210)	(8,309)
NET ASSETS		**190,156**	186,620
EQUITY			
Equity attributable to owners of the Company			
Share capital		**69,218**	69,218
Reserves		**118,273**	115,118
		187,491	184,336
Non-controlling interests		**2,665**	2,284
TOTAL EQUITY		**190,156**	186,620

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Merger reserve *RMB'000*	Statutory reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Properties revaluation reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Share-based compensation reserve *RMB'000*	Accu-mulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2013 (audited)	69,218	220,633	(16,261)	225	1,550	1,067	(12,038)	7,720	(65,979)	206,135	4,159	210,294
Loss for the period	–	–	–	–	–	–	–	–	(7,375)	(7,375)	(257)	(7,632)
Surplus on revaluation of land and buildings held for own use	–	–	–	–	–	240	–	–	–	240	–	240
Exchange differences on translation of financial statements of non-PRC operations	–	–	–	–	–	–	(4,880)	–	–	(4,880)	(66)	(4,946)
Other comprehensive loss	–	–	–	–	–	240	(4,880)	–	–	(4,640)	(66)	(4,706)
Total comprehensive loss for the period	–	–	–	–	–	240	(4,880)	–	(7,375)	(12,015)	(323)	(12,338)
Equity-settled share-based transactions	–	–	–	–	–	–	–	214	–	214	–	214
Lapse of share options granted	–	–	–	–	–	–	–	(9)	9	–	–	–
Capital contributions received by a non-wholly-owned subsidiary from non-controlling interests	–	–	–	–	–	–	–	–	–	–	300	300
At 30 June 2013 (unaudited)	69,218	220,633	(16,261)	225	1,550	1,307	(16,918)	7,925	(73,345)	194,334	4,136	198,470
At 1 January 2014 (audited)	69,218	220,633	(16,261)	225	1,550	1,188	(18,535)	8,004	(81,686)	184,336	2,284	186,620
Profit for the period	–	–	–	–	–	–	–	–	1,368	1,368	62	1,430
Surplus on revaluation of land and buildings held for own use	–	–	–	–	–	179	–	–	–	179	–	179
Exchange differences on translation of financial statements of non-PRC operations	–	–	–	–	–	–	1,607	–	–	1,607	319	1,926
Other comprehensive income	–	–	–	–	–	179	1,607	–	–	1,786	319	2,105
Total comprehensive income for the period	–	–	–	–	–	179	1,607	–	1,368	3,154	381	3,535
Equity-settled share-based transactions	–	–	–	–	–	–	–	1	–	1	–	1
Lapse of share options granted	–	–	–	–	–	–	–	(16)	16	–	–	–
At 30 June 2014 (unaudited)	69,218	220,633	(16,261)	225	1,550	1,367	(16,928)	7,989	(80,302)	187,491	2,665	190,156

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash generated from/(used in) operations	**2,447**	(10,108)
Income taxes refunded/(paid)		
Taiwan	**32**	387
The People's Republic of China ("PRC")	**(868)**	(26)
Net cash generated from/(used in) operating activities	**1,611**	(9,747)
Net cash (used in)/generated from investing activities	**(23,805)**	12,007
Net cash generated from/(used in) financing activities	**19,298**	(4,636)
Net decrease in cash and cash equivalents	**(2,896)**	(2,376)
Cash and cash equivalents at 1 January	**122,820**	159,729
Effect of foreign exchange rates changes	**2,710**	(6,630)
Cash and cash equivalents at 30 June	**122,634**	150,723
Analysis of balances of cash and cash equivalents		
Cash at bank and on hand	**122,634**	150,723

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2014

1. GENERAL

Sino-Life Group Limited (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 the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 September 2009. Its ultimate controlling party is Mr. Liu Tien-Tsai.

The consolidated interim financial report for the six months ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is mainly engaged in the provision of funeral services, sale of graves and provision of cemetery maintenance services in Taiwan, Hong Kong, the People's Republic of China (the "PRC") and Vietnam.

2. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"), including compliance with Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 11 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report 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. Actual results may differ from these estimates.

This interim financial report contains 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 2013 annual financial statements. The 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 Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 March 2014.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) – Int 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit ("CGU") whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on the Group's interim financial report as the Group has no impaired asset or CGU.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group's interim financial report as the Group has not novated any of its derivatives.

HK(IFRIC) – Int 21, Levies

The interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's interim financial report as the guidance is consistent with the Group's existing accounting policies.

4. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

Turnover represents the net amounts received and receivable for the services rendered to customers and goods sold to customers . The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Funeral services provided in funeral parlours and funeral service centres under the Group's management	**24,451**	17,915
Cremation services	**6,337**	7,695
Funeral arrangement services	**4,047**	2,239
Cemetery sales and services	**6,036**	1,881
	40,871	29,730

(b) Segment information

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Company's executive directors (the "Executive Directors"), the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented four reportable segments. No operating segments have been aggregated to form the following reportable segments.

Reporting of operating segment units have been revised to conform to the latest business model of the Group which newly includes the Funeral services – Vietnam segment and cessation of trading of raw marble for the six months ended 30 June 2014. This classification is reported on the same basis as is used by management to analyse its business performance.

The comparative information of the above has been restated to conform to the current period's presentation.

Information regarding the Group's reportable segments as provided to the Executive Directors for the purposes of resource allocation and assessment of segment performance for the period ended 30 June 2014 and 2013 is set out below:

	Six months ended 30 June 2014 (Unaudited)				
	Funeral services				**Total**
	Taiwan	**Hong Kong**	**PRC**	**Vietnam**	
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment revenue					
– Revenue from external customers	**2,825**	**1,222**	**32,878**	**3,946**	**40,871**
Reportable segment profit/(loss)	**366**	**(192)**	**3,925**	**635**	**4,734**

	Six months ended 30 June 2013 (Unaudited)				
	Funeral services				Total
	Taiwan	Hong Kong	PRC	Vietnam	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue					
– Revenue from external customers	1,318	921	27,491	–	29,730
Reportable segment loss	(1,310)	(585)	(1,335)	–	(3,230)

There are no inter-segment sales for the six months ended 30 June 2014 and 2013.

Segment results represent the profit/(loss) earned/(suffered) by each segment without allocation of other revenue and other net gain, central administration costs, finance costs and income tax. This is the measure reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

The following table presents segment assets and segment liabilities of the Group's reportable segments as at 30 June 2014 and 31 December 2013:

	At 30 June 2014 (Unaudited)				
	Funeral services				**Total**
	Taiwan	**Hong Kong**	**PRC**	**Vietnam**	
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment assets	**183,401**	**976**	**58,028**	**34,874**	**277,279**
Reportable segment liabilities	**109,646**	**744**	**8,045**	**2,288**	**120,723**

	At 31 December 2013 (Audited)				
	Funeral services				Total
	Taiwan	Hong Kong	PRC	Vietnam	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets	176,355	954	53,991	31,965	263,265
Reportable segment liabilities	103,633	681	6,798	1,478	112,590

Reconciliation of reportable segment profit/(loss)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Total reportable segment profit/(loss) derived from Group's external customers	**4,734**	(3,230)
Other revenue and other net gain	**1,520**	1,984
Finance costs	**(128)**	(139)
Unallocated head office and corporate expenses		
– Depreciation and amortisation	**(475)**	(510)
– Staff costs (including directors' remuneration)	**(2,125)**	(2,997)
– Operating lease charges: minimum lease payments	**(98)**	(217)
– Equity-settled share-based payment expenses	**(1)**	(144)
– Others	**(1,250)**	(2,130)
Consolidated profit/(loss) before taxation	**2,177**	(7,383)

5. OTHER REVENUE AND OTHER NET GAIN

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other revenue		
Interest income on bank deposits	**251**	573
Total interest income on financial assets not at fair value through profit or loss	**251**	573
Sundry income	**130**	286
	381	859
Other net gain		
Gain/(loss) on disposal of property, plant and equipment	**40**	(148)
Surplus on revaluation of land and buildings held for own use	**457**	305
Net exchange (loss)/gain	**(285)**	284
Net gain on foreign exchange forward contracts	**–**	85
Net gain on terminated and lapsed funeral services deeds	**–**	106
Net realised and unrealised gain on financial assets designated as at fair value through profit or loss	**880**	493
Reversal of impairment loss on other receivables	**47**	–
	1,139	1,125
	1,520	1,984

6. PROFIT/(LOSS) BEFORE TAXATION

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

		Six months ended 30 June	
		2014	2013
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
(a)	**Finance costs**		
	Interests on bank borrowings and other loan		
	– wholly repayable within 5 years	**44**	47
	– not wholly repayable within 5 years	**84**	92
	Total interest expenses on financial liabilities not at fair value through profit or loss	**128**	139
(b)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and other benefits	**9,299**	9,531
	Equity-settled share-based payment expenses	**–**	70
	Contributions to defined contribution retirement plans	**941**	921
		10,240	10,522
(c)	**Other items**		
	Amortisation of prepaid lease payments	**41**	41
	Cost of inventories	**4,848**	4,503
	Depreciation for property, plant and equipment	**2,110**	2,434
	Operating lease charges: minimum lease payments		
	– rented premises	**424**	428
	– hire of plant and equipment	**90**	119
	– hire of funeral parlours and funeral service centres	**2,850**	3,308
	Operating lease charges: contingent rents		
	– hire of funeral parlours and funeral service centres	**3,827**	3,916
	Equity-settled share-based payment expenses	**1**	144

7. INCOME TAX

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
– PRC Enterprise Income Tax *(note (c))*	**742**	249
Under-provision of current tax in prior years		
– Taiwan Enterprise Income Tax *(note (d))*	**5**	–
	747	249

Notes:

(a) No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the six months ended 30 June 2014 (2013: RMBNil).

(b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands, Samoa and the British Virgin Islands for the six months ended 30 June 2014 (2013: RMBNil).

(c) The subsidiaries operating in the PRC are subject to enterprise income tax rate at 25% (2013: 25%) 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税法）except that Chongqing Xizhou Funeral Service Company Limited ("Chongqing Xizhou"), an indirect wholly-owned subsidiary of the Company, is entitled to a preferential tax rate of 15% for the enterprise income tax in accordance with 西部大開發企業所得税優惠, which is retrospectively applied to Chongqing Xizhou from January 2011 and, provided that the conditions precedent to entitlement of preferential tax rate are fulfilled by Chongqing Xizhou in each of subsequent years, the preferential tax rate can be applied to Chongqing Xizhou up to December 2020. For the six months ended 30 June 2014, Chongqing Xizhou is subject to enterprise income tax rate at 15% (2013: 15%).

(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"), an indirect subsidiary of the Company, are subject to Taiwan Enterprise Income Tax at 17% on taxable profits determined in accordance with the Income Tax Act and other relevant laws in Taiwan.

(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 25% and 20%, respectively, on taxable profits determined in accordance with the relevant laws and regulations in Vietnam. No provision for Vietnam Corporate Income Tax has been made as Bao Son Life has no assessable profits for the six months ended 30 June 2014 (2013: RMBNil) and HLV Duc Hoa has accumulated tax losses brought forward which exceed the estimated taxable profits for the six months ended 30 June 2014 (2013: RMB Nil).

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the three months and six months ended 30 June 2014 are based on the unaudited profit attributable to owners of the Company of RMB181,000 (2013: loss of RMB4,391,000) and profit of RMB1,368,000 (2013: loss of RMB7,375,000) respectively and the weighted average of 742,500,000 ordinary shares (2013: 742,500,000 ordinary shares) and 742,500,000 ordinary shares (2013: 742,500,000 ordinary shares) in issue during the periods.

(b) Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the three months and six months ended 30 June 2014 and 2013 in respect of a dilution as the impact of the share options had anti-dilutive effect on the basic earnings/(loss) per share amounts presented. Therefore, the calculation of the diluted earnings/(loss) per share is based on the profit attributable to owners of the Company of RMB181,000 (2013: loss of RMB4,391,000) and profit of RMB1,368,000 (2013: loss of RMB7,375,000) respectively and the weighted average of 742,500,000 ordinary shares (2013: 742,500,000 ordinary shares) and 742,500,000 ordinary shares (2013: 742,500,000 ordinary shares) in issue during the periods.

9. DIVIDENDS

The directors do not recommend payment of interim dividend for the six months ended 30 June 2014 (2013: RMBNil).

10. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a cost of RMB2,691,000 (six months ended 30 June 2013: RMB6,513,000). Items of property, plant and equipment with carrying amounts of RMB144,000 were disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: RMB226,000), resulting in a gain on disposal of RMB40,000 (six months ended 30 June 2013: loss of RMB148,000).

(b) Valuation

The freehold land and buildings held by the Group for own use at 30 June 2014 were carried at their fair values as determined by the directors with reference to recent market transactions for similar properties.

The revaluation surplus of RMB179,000 (six months ended 30 June 2013: RMB240,000) and surplus of RMB457,000 (six months ended 30 June 2013: RMB305,000) have been recognised in other comprehensive income/(loss) and accumulated in properties revaluation reserve, and recognised in profit or loss for the period respectively.

11. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	At 30 June 2014 *RMB'000* (Unaudited)	At 31 December 2013 *RMB'000* (Audited)
Mutual funds/unit trusts, at fair value		
Established outside Hong Kong	**38,974**	40,558

The trust monies have been invested, in mutual funds and unit trusts in Taiwan, by those financial institutions in Taiwan at the discretion of the Group. 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.

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.

Financial assets designated as at FVTPL are presented within "operating activities" as part of changes in working capital in the condensed consolidated cash flow statement. The Group has obtained an investment gain of approximately RMB880,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB493,000). Changes in fair values of the above financial assets are recorded in "other net gain" in the consolidated statement of profit or loss and other comprehensive income.

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.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Trade receivables *(note)*	**3,809**	20
Other receivables	**10,235**	6,552
Less: allowance for impairment loss	**(962)**	(1,009)
	9,273	5,543
Loans and receivables	**13,082**	5,563
Deposits and prepayments	**61,700**	64,430
	74,782	69,993
Representing:		
Current	**72,082**	66,293
Non-current	**2,700**	3,700
	74,782	69,993

Note:

Trade receivables are net of allowance for doubtful debts of RMBNil (2013: RMBNil) with the following analysis by age presented based on the date of sales of goods or service rendered as at the end of the reporting period:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
0 to 180 days	**3,809**	20

The average credit period on sales granted to customers of funeral services segments is 45 days.

13. TRADE AND OTHER PAYABLES

	At 30 June 2014 *RMB'000* (Unaudited)	At 31 December 2013 *RMB'000* (Audited)
Trade payables *(note)*	**2,491**	1,717
Accruals and other payables	**10,197**	7,426
Financial liabilities measured at amortised cost	**12,688**	9,143

Note:

The following is an ageing analysis of trade payables, based on the date of receipt of goods or services rendered, at the end of the reporting period:

	At 30 June 2014 *RMB'000* (Unaudited)	At 31 December 2013 *RMB'000* (Audited)
0 to 30 days	**641**	679
31 days to 90 days	**322**	375
Over 90 days	**1,528**	663
	2,491	1,717

14. BANK BORROWINGS AND OTHER LOAN

	Bank borrowings			
	Bank borrowings, guaranteed *RMB'000*	**Bank borrowings, secured** *RMB'000*	**Total bank borrowings** *RMB'000*	**Other loan, secured** *RMB'000*
Balance at 1 January 2014 (audited)				
– current	–	602	602	106
– non-current	–	8,309	8,309	–
	–	8,911	8,911	106
New borrowings raised	48,353	–	48,353	–
Repayment	(28,518)	(302)	(28,820)	(107)
Effect of foreign currency exchange differences	225	224	449	1
Balance at 30 June 2014 (unaudited)	20,060	8,833	28,893	–
Representing:				
Current	20,060	623	20,683	–
Non-current	–	8,210	8,210	–
	20,060	8,833	28,893	–

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 the financial controller performing valuations for the financial instruments. The team reports directly to the directors and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the directors. Discussion of the valuation process and results with the directors and the audit committee is held twice a year, to coincide with the reporting dates.

		Fair value measurements as at 30 June 2014 categorised into		
	Fair value at 30 June 2014	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Recurring fair value measurement				
Financial assets:				
Financial assets designated as at FVTPL	38,974	38,974	–	–

	Fair value at 31 December 2013	Fair value measurements as at 31 December 2013 categorised into		
	2013	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)
Recurring fair value measurement				
Financial assets:				
Financial assets designated as at FVTPL	40,558	40,558	–	–

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: nil). 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 assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 30 June 2014.

16. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	**1,861**	1,851
Post-employment benefits	**13**	13
Equity compensation benefits	**–**	18
	1,874	1,882

Total remuneration is included in "staff costs" *(see note 6(b)).*

(b) Transactions with other related parties

Guarantee for an amount of RMB31,068,000 (equivalent to US$5,000,000) (six months ended 30 June 2013: RMB30,696,000 (equivalent to US$5,000,000) is given by Mr. Liu Tien-Tsai, a director and the ultimate controlling party of the Company, to secure banking facilities granted to the Group during the six months ended 30 June 2014.

17. CAPITAL COMMITMENTS

Capital commitments outstanding not provided for in the interim financial report are as follows:

	At 30 June 2014 *RMB'000* (Unaudited)	At 31 December 2013 *RMB'000* (Audited)
Capital expenditure contracted but not provided for:		
– Property, plant and equipment	**–**	1,024
– Investment in a joint venture	**6,500**	6,500
– Grave under development for sale	**104**	693
	6,604	8,217

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The PRC

Funeral business in the PRC continues to be the driving force of the Group's operations. The Group's turnover derived from the PRC market was RMB32.9 million for the six months ended 30 June 2014, representing an increase of 19.6% from the corresponding period last year, and accounted for 80.4% of the Group's turnover. Gross profit of the Group's core funeral services business in the PRC remained at a high level at approximately 80.8%.

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

Taiwan

Turnover derived from the Taiwan market was RMB2.8 million for the six months ended 30 June 2014, representing an increase of 114.3% from the corresponding period last year, and accounted for 6.9% of the Group's turnover.

Hong Kong

Turnover derived from the Hong Kong market was RMB1.2 million for the six months ended 30 June 2014, representing an increase of 32.7% from the corresponding period last year, and accounted for 3.0% of the Group's turnover.

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 provides funeral arrangement services to funeral services Deed Holders and non-funeral services Deed Holders, which are accounted for by the Group as revenue.

Vietnam

The Group's turnover derived from the sales of cemeteries in Vietnam was approximately RMB3.9 million for the six months ended 30 June 2014 and accounted for 9.7% of the Group's turnover.

PROSPECTS

The crucial focus of our development will rest in large part on the PRC, Hong Kong and Vietnam, which is exceptionally going to be a stronghold for reaping huge revenue to the Group in the coming years. We expect that the cemetery park project in Vietnam will provide more than 4,000 burial tomb spaces and 1,000 niches. The Group's management will continue to effectively raise our business goal in different areas to a new high by adhering to its unique, professional business model. Our management will keep close eyes on other regions blessed with immense potential and myriad opportunities as well, so as to extend our business reach.

Financial Review

For the six months ended 30 June 2014, the Group's turnover was approximately RMB40.9 million, representing an increase of 37.5% from approximately RMB29.7 million for the corresponding period of last year. The rise was mainly due to the increase in turnover of the Group's funeral services business in Chongqing, the PRC and the sales of cemeteries in Vietnam.

Cost of sales for the six months ended 30 June 2014 was approximately RMB10.4 million, rising by approximately 37.2% compared with the corresponding period in 2013. The increase in cost of sales was mainly attributable to the increase in the turnover of the Group's funeral services and sales of cemeteries.

The other revenue and other net gain for the six months ended 30 June 2014 was approximately RMB1.5 million compared with RMB2.0 million for the corresponding period in 2013. The decrease was mainly due to the decrease in bank interest income and net exchange loss for the six months ended 30 June 2014 compared to net exchange gain for the corresponding period of last year.

Selling expenses for the six months ended 30 June 2014 slightly increase by approximately 1.4% to approximately RMB12.2 million as compared with the corresponding period in 2013. The increase in the amount of selling expenses was mainly attributable to increase in commission expenses as the increase in the turnover for the period.

Administrative expenses decreased by approximately 9.2% to approximately RMB17.1 million for the six months ended 30 June 2014 as a result of enhancing the efforts in cost control of staff cost, entertainment expenses and rental expenses.

The profit attributable to the owners of the Company for the six months ended 30 June 2014 was approximately RMB1.4 million (2013: loss of approximately RMB7.4 million) as a result of the cumulative effect from the above-mentioned factors.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintains a healthy and sound financial position. As at 30 June 2014, the Group had bank balances and cash (including pledged bank deposits) of approximately RMB144.1 million (31 December 2013: approximately RMB122.8 million) and bank and other loans of approximately RMB28.9 million (31 December 2013: approximately RMB9.0 million). All bank and other loans were denominated in New Taiwan Dollars and United States Dollars at prevailing market interest. As at 30 June 2014, the Group had no other material capital commitments, material contracts or significant investment plans, except those disclosed in this announcement. 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. The gearing ratio representing the ratio of total borrowing to the total assets of the Group was approximately 8.8% as at 30 June 2014 (31 December 2013: 3.0%).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's operations are geographically based in the PRC, Taiwan, Hong Kong and Vietnam. The revenue derived from Taiwan accounted for approximately 6.9% (2013: approximately 4.4%); Hong Kong accounted for approximately 3.0% (2013: approximately 3.1%) and; Vietnam accounted for approximately 9.7% (2013: nil) of the total revenue for the six months ended 30 June 2014. The financial statements are presented in Renminbi, while a portion of the revenue and expenses are denominated in New Taiwan Dollar, Hong Kong Dollar and Vietnamese Dong. It is possible that the value of Renminbi may fluctuate in value against that of the New Taiwan Dollar, Hong Kong Dollar and Vietnamese Dong. The Group's operations results and financial condition may be affected by changes in the exchange rates of Renminbi against the New Taiwan Dollar, Hong Kong Dollar and Vietnamese Dong in which the Group's revenue and expenses are denominated. As at 30 June 2014, 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 acquisition and disposal of investment as at 30 June 2014.

CHARGE ON GROUP ASSETS

The carrying amounts of property, plant and equipment and bank deposits pledged as security for the Group's bank borrowings and other loan were approximately RMB17.3 million and RMB21.5 million respectively (31 December 2013: approximately RMB24.2 million and RMBNil respectively).

THE NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2014, the Group employed 328 employees (31 December 2013: 328 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.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any significant contingent liabilities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' interests and short positions in shares, underlying shares and debentures of the company or any associated corporation

As at 30 June 2014, the relevant interests and short positions of the Directors or chief executive in the shares (the "Shares"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of SFO) or required pursuant to section 352 of SFO, to be entered in the register referred to therein or required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Aggregate long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Liu Tien-Tsai	Personal	308,184,000	41.51%

Substantial shareholders' interests and short positions in the shares and underlying shares

The register of substantial shareholders required to be kept under section 336 of Part XV of SFO showed that as at 30 June 2014, the Company was notified of the following substantial shareholders' interests, being 5% or more of the issued share capital of the Company. These interests were in addition to those disclosed above in respect of the Directors and chief executive:

Aggregate long positions in the Shares

Name of shareholders	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Yang YongSheng *(note 1)*	Personal	36,632,000	4.93%
	Family interest	5,152,000	0.69%
Yu WenPing *(note 1)*	Personal	5,152,000	0.69%
	Family interest	36,632,000	4.93%

Note:

1. Yu WenPing, the spouse of Yang YongSheng, was deemed to be interested in all the interest of Yang YongSheng and vice versa.

Competing business

As at 30 June 2014, none of the Directors, or any person who was (or group of persons who together were) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and which was (or were) able, as a practical matter, to direct or influence the management of the Company or any of their respective associates (as defined under the GEM Listing Rules) had any interest in a business, which competed or might compete with the business of the Group.

Share Option Scheme

Pursuant to the written resolutions of the shareholders of the Company dated 24 August 2009, a share option scheme ("Share Option Scheme") was approved and adopted. The major terms of the Share Option Scheme are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Company to grant options to participants as incentive or rewards for their contributions to the Group.

(b) The participants include (i) any full-time or part-time employee of the Company and/or any of its subsidiaries including any executive directors and any non-executive directors (including independent non-executive directors); and (ii) any consultants, advisers, agents, partners or joint-venture partners of the Company and/or any of its subsidiaries.

(c) The exercise price of a share option under the Share Option Scheme will not be less than the highest of (i) 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; (ii) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (iii) the nominal value of a share on the offer date of the particular option.

(d) The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes must not in aggregate exceed 10% of the shares in issue immediately upon completion of the placing and the capitalisation issue ("General Scheme Limit").

(e) Unless approved by the Company's shareholders, the total number of shares issued and to be issued upon exercise of the options granted to any one participant in any twelve-month period up to the date of grant of the Options must not exceed 1% of the shares in issue at the date of the grant of the options.

(f) An offer shall be made to participants in writing and shall remain open for acceptance by the participants concerned for a period of 30 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the scheme. An offer shall be deemed to have been accepted by the participant concerned in respect of all shares which are offered to such participant when the duplicate letter comprising acceptance of the offer duly signed by the participant, together with HK$10 by way of consideration for the grant thereof is received by the Company.

(g) For the options granted in 2010, they are exercisable starting half year from the grant date. The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

For the options granted in 2012, they are exercisable starting one year from the grant date. The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 5 years from the date of grant of the share option.

(h) An option shall be exercisable in whole or in part in the circumstances by giving notice in writing to the Company stating that the option is thereby exercised and the number of shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for shares in respect of which the notice is given.

Details of the share options granted and remaining outstanding as at 30 June 2014 are as follows:

				Number of share options		
Name/category of participants	**Date of grant**	**Exercise price per share**	**Exercisable period**	**At 1 January 2014**	**Lapsed**	**At 30 June 2014**
Directors of the Company						
Mr. Kim Eun Back	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	2,000,000	–	2,000,000
Directors of subsidiaries						
Ms. Pan Hsiu-Ying	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	1,000,000	–	1,000,000
Ms. Chang Hui-Lan	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	1,000,000	–	1,000,000
Continuous contract employees	11 February 2010	HK$1.18	11 August 2010 to 11 February 2020	10,172,000	(500,000)	9,672,000
	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	6,480,000	(480,000)	6,000,000
Consultants	11 February 2010	HK$1.18	11 August 2010 to 11 February 2020	41,900,000	–	41,900,000
				62,552,000	(980,000)	61,572,000

The options granted on 11 February 2010 expire ten years from the date of grant. As at 30 June 2014, 2,072,000 of 51,572,000 options were exercisable in the same year of the date of grant with 50% each of the options granted exercisable at six months and at the end of the year from the date of grant and 49,500,000 of 51,572,000 options are exercisable over five years from the date of grant, with 20% each of the options granted exercisable at six months and first calendar date of following four years from the date of grant.

The options granted on 16 January 2012 expire five years from the date of grant and are exercisable after one year from the date of grant.

Save as disclosed above, as at 30 June 2014, none of the Directors, chief executives or substantial shareholders of the Company or their respective associates have been granted share options under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2014, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

For six months ended 30 June 2014 up to the date hereof, the Company had complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code (taking effect from 1 April 2012) as contained in Appendix 15 to the GEM Listing Rules, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by Mr. Liu Tien-Tsai. The Board considers that the Group's size is still relatively small and thus not justified in separating the role of Chairman and CEO. The Group has in place internal control system to perform the check and balance function. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standards of dealings as set out in its code of conduct regarding securities transactions by Directors.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Prospectus with the Group's actual business progress for the period from 9 September 2009 (the "Listing Date") to 30 June 2014 is set out below:

	Business objectives for the period from the Listing Date to 30 June 2014 as stated in the Prospectus	Actual business progress up to 30 June 2014
1.	Expand funeral services network in other major cities by entering into funeral-services agreement	The Group has implemented two of the memoranda of understanding (the "MOU") disclosed in the "Future Plan and Prospects" section of the Prospectus. The Group is in the process of negotiating the terms with the owners of remaining funeral parlours and new funeral service centres. The Group has also signed other two new subcontracting agreements during 2010. The Group has commenced business in Vietnam during 2013.
2.	Develop business in columbarium in Taiwan	As disclosed in the announcement by the Company on 5 January 2011, the register for the owner of the columbarium was changed. At present, the new owner is still negotiating with Bau Shan Life Science Technology Co., Ltd.（寶山生命科技股份有限公司）("Bau Shan"), the direct subsidiary of the Company, as to the continuance of the agency agreement to sell cubicles and space for urn storage in the columbarium (the "Products") in Miaoli County in Taiwan or the sale of the columbarium (and the Products) to Bau Shan.

3.	Purchase of funeral service equipment and facilities	The Group is conducting the feasibility study on advanced equipment and facilities designated for funeral.
4.	Refurbishment of new and existing service centres	The Group has started the decoration and improvement of funeral parlour and services centres.
5.	Expansion of marketing network	The Group has started the establishment of the website and organised and sponsored a forum and research on the funeral industry.

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from the Listing Date to 30 June 2014, the net proceeds from issuance of new shares of the Company had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Listing Date to 30 June 2014 *RMB'000*	**Actual use of proceeds from the date of listing to 30 June 2014** *RMB'000*
Expand funeral services network in other major cities by entering into funeral-services agreement	12,960	12,960
Develop business in columbarium in Taiwan	11,560	–
Purchase of funeral service equipment and facilities	28,600	8,936
Refurbishment of new and existing service centres	21,266	21,266
Expansion of marketing network	1,450	1,450

The Group has to renegotiate several terms and conditions with the owners of the funeral parlours and new funeral service centres under the MOUs and the owner of columbarium in Taiwan.

Due to the above reasons and since certain expansion activities were postponed, the net proceeds applied during the period from the Listing Date to 30 June 2014 are less than expected. The Directors expect that most of the business objectives stated in the Prospectus for the period from the Listing Date to 30 June 2014 will be revisited in the second half of 2014.

All the remaining proceeds as at 30 June 2014 had been placed as interest bearing deposits in banks.

AUDIT COMMITTEE

The Company has established an 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. The audit committee comprises three independent non-executive Directors, namely Mr. Ching Clement Yat-biu (chairman of the audit committee), Mr. Chai Chung Wai and Mr. Lee Koon Hung.

The audit committee has reviewed the financial statements of the Group for the six month period ended 30 June 2014 pursuant to the relevant provisions contained in the CCGP and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By order of the Board
Sino-Life Group Limited
Liu Tien-Tsai
Chairman and Executive Director

Hong Kong, 11 August 2014

As at the date hereof, the Board comprises Mr. Liu Tien-Tsai, Mr. Ting Yung-Chieh and Mr. Kim Eun Back being executive Directors of the Company; and Mr. Chai Chung Wai, Mr. Ching Clement Yat-biu and Mr. Lee Koon Hung being independent non-executive Directors of the Company.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for 7 days from the date of its posting. This announcement will also be posted on the Company's website at http://www.sinolifegroup.com.