



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)

**FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

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

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

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

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This announcement, 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 announcement 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 announcement misleading.

CONDENSED CONSOLIDATED QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2019 (UNAUDITED)

The board of Directors (the “Board”) is hereby to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019 together with the comparative unaudited figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

		Three months ended 31 March	
		2019	2018
	Notes	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	17,275	18,058
Cost of sales		(7,880)	(8,373)
Gross profit		9,395	9,685
Other revenue		467	196
Selling expenses		(2,697)	(2,682)
Administrative expenses		(5,056)	(6,464)
Other operating expenses		—	(799)
Profit/(loss) from operations		2,109	(64)
Finance costs		(70)	(45)
Profit/(loss) before taxation		2,039	(109)
Income tax	4	(442)	(418)
Profit/(loss) for the period		1,597	(527)
Other comprehensive income for the period, net of income tax		1,717	1,094
Total comprehensive income for the period, net of income tax		<u>3,314</u>	<u>567</u>
Profit/(loss) attributable to:			
Owners of the Company		1,645	(514)
Non-controlling interests		(48)	(13)
		<u>1,597</u>	<u>(527)</u>
Total comprehensive income attributable to:			
Owners of the Company		3,433	633
Non-controlling interests		(119)	(66)
		<u>3,314</u>	<u>567</u>
Earnings/(loss) per share			
Basic and diluted	6	<u>RMB0.22 cents</u>	<u>RMB(0.07) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to owners of the Company											Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Statutory surplus reserve RMB'000	Properties revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interest RMB'000	
At 31 December 2017 (audited) and at 1 January 2018 (unaudited)	69,218	220,633	(16,261)	790	1,550	2,350	(17,775)	7,345	(153,297)	114,553	(2,464)	112,089
Loss for the period	—	—	—	—	—	—	—	—	(514)	(514)	(13)	(527)
Exchange difference translation of financial statements of non-PRC operations	—	—	—	—	—	—	1,147	—	—	1,147	(53)	1,094
Other comprehensive income/ (expenditure)	—	—	—	—	—	—	1,147	—	—	1,147	(53)	1,094
Total comprehensive income/ (expenditure) for the period	—	—	—	—	—	—	1,147	—	(514)	633	(66)	567
Lapse of share option granted	—	—	—	—	—	—	—	(251)	251	—	—	—
At 31 March 2018 (unaudited)	<u>69,218</u>	<u>220,633</u>	<u>(16,261)</u>	<u>790</u>	<u>1,550</u>	<u>2,350</u>	<u>(16,628)</u>	<u>7,094</u>	<u>(153,560)</u>	<u>115,186</u>	<u>(2,530)</u>	<u>112,656</u>
At 31 December 2018 (audited) and at 1 January 2019 (unaudited)	69,218	220,633	(16,261)	790	1,550	2,601	(19,359)	7,027	(160,984)	105,215	(2,406)	102,809
Profit/(loss) for the period	—	—	—	—	—	—	—	—	1,645	1,645	(48)	1,597
Exchange difference translation of financial statements of non-PRC operations	—	—	—	—	—	—	1,788	—	—	1,788	(71)	1,717
Other comprehensive income/ (expenditure)	—	—	—	—	—	—	1,788	—	—	1,788	(71)	1,717
Total comprehensive income/ (expenditure) for the period	—	—	—	—	—	—	1,788	—	1,645	3,433	(119)	3,314
At 31 March 2019 (unaudited)	<u>69,218</u>	<u>220,633</u>	<u>(16,261)</u>	<u>790</u>	<u>1,550</u>	<u>2,601</u>	<u>(17,571)</u>	<u>7,027</u>	<u>(159,339)</u>	<u>108,648</u>	<u>(2,525)</u>	<u>106,123</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability under the Cayman Islands Companies Law and acts as an investment holding company. Its shares are listed on GEM of the Stock Exchange on 9 September 2009.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated first 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 ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. There have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the quarter presented as a result of these developments.

The unaudited condensed consolidated first quarterly financial statements have been prepared under the historical cost convention, as modified by revaluation of investment property, land and buildings held for own use, and financial assets designated as at fair value through profit or loss.

The preparation of financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgements in the process of applying the Group's accounting policies.

The accounting policies adopted in the 2018 annual financial statements have been consistently applied to these unaudited condensed consolidated financial statements except that in the Current Period, the Group has applied for the first time certain new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2019. The adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

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

These unaudited condensed consolidated accounts have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3. REVENUE

The amount of each significant category of revenue recognised in revenue for each of the three months ended 31 March 2019 and 2018 (“the Periods”) is as follows:

	Three months ended 31 March	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Funeral services provided in funeral parlours and funeral services centres under the Group's management	12,473	13,377
Cremation services	3,873	3,602
Funeral arrangement services	651	999
Sales of burial plots	132	80
Sales of stem cells and immunocytes	146	—
	17,275	18,058

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

Revenue from external customers

	Three months ended 31 March	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
People's Republic of China (the “PRC”)	16,490	16,979
Taiwan	525	691
Hong Kong	128	308
Vietnam	132	80
Total	17,275	18,058

4. INCOME TAX

- (a) No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the Periods.
- (b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands (“BVI”) for the Periods.

- (c) The subsidiaries operating in the PRC are subject to enterprise income tax rate at 25% for the Periods in accordance with the Law of the People's Republic of China on Enterprises Income Tax (中華人民共和國企業所得稅法) except that Chongqing Xizhou Funeral Service Company Limited ("Chongqing Xizhou"), an indirect wholly owned subsidiary of the Company, is entitled to a preferential tax rate of 15% for the enterprise income tax in accordance with 西部大開發企業所得稅優惠, which is retrospectively applied to Chongqing Xizhou from January 2011 and, provided that the conditions precedent to entitlement of preferential tax rate are fulfilled by Chongqing Xizhou in each of subsequent years, the preferential tax rate can be applied to Chongqing Xizhou up to December 2020. Chongqing Xizhou is subject to enterprise income tax rate at 15% for the Periods.
- (d) Bau Shan Life Science Technology Co., Ltd. ("Bau Shan"), a direct subsidiary of the Company is subject to Taiwan Enterprise Income Tax at 17% on taxable profits determined in accordance with the Income Tax Act and other relevant laws in Taiwan. No provision for Taiwan Enterprise Income Tax has been made as Bau Shan has no assessable profits for the Periods.
- (e) Bao Son Life Company Limited ("Bao Son Life") and Hoan Loc Viet Duc Hoa Corporation ("HLV Duc Hoa"), the indirect non-wholly-owned subsidiaries of the Company, are subject to Vietnam Corporate Income Tax at 20% and 20%, respectively, on taxable profits determined in accordance with the relevant laws and regulations in Vietnam. No provision for Vietnam Corporate Income Tax has been made as Bao Son Life and HLV Duc Hoa have no assessable profits for the Periods.

5. DIVIDENDS

The Directors do not recommend payment of any dividend for the three months ended 31 March 2019 (2018: Nil).

6. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the three months ended 31 March 2019 is based on the profit attributable to owners of the Company of approximately RMB1,645,000 (2018: loss of RMB514,000) and the weighted average number of 742,500,000 shares of the Company (the "Shares") (2018: 742,500,000 shares) in issue during the period.

Diluted earnings/(loss) per share is equal to basic earnings/(loss) per share as there were no dilutive potential ordinary share outstanding during the periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The PRC

The Group's revenue derived from the PRC market was approximately RMB16,490,000 for the three months ended 31 March 2019 (the "Current Period") (2018: RMB16,979,000), representing a decrease of approximately 2.9% from the corresponding period last year, and accounted for approximately 95.5% of the Group's revenue.

In the PRC, the Group is principally engaged in provision of funeral, cremation and cemetery services in funeral parlours and funeral service centres under the Group's management, pursuant to respective management agreements entered into with the owners of funeral parlours and funeral service centres. The Group has successfully carried out the project under the stem cell and immunocytes sales of agency agreement signed at the beginning of this year and recorded a revenue of RMB146,000 during the Current Period.

Taiwan

Revenue derived from the Taiwan market was approximately RMB525,000 for the three months ended 31 March 2019 (2018: RMB691,000), representing a decrease of approximately 24.0% from the corresponding period last year, and accounted for approximately 3.0% of the Group's revenue.

Hong Kong

Revenue derived from the Hong Kong market was approximately RMB128,000 for the three months ended 31 March 2019 (2018: RMB308,000), representing a decrease of approximately 58.4% from the corresponding period last year, and accounted for approximately 0.7% of the Group's revenue.

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.

Vietnam

The Group's revenue derived from the sales of burial plots in Vietnam was approximately RMB132,000 for the three months ended 31 March 2019 (2018: RMB80,000), representing an increase of approximately 65.0% from the corresponding period last year, and accounted for approximately 0.8% of the Group's revenue.

Financial Review

For the three months ended 31 March 2019, the Group's revenue was approximately RMB17,275,000 (2018: RMB18,058,000), representing a decrease of approximately 4.3% for the corresponding period of last year. The decrease was mainly due to the decrease in revenue of the Group's funeral business in the PRC, Taiwan and Hong Kong.

Cost of sales for the three months ended 31 March 2019 was approximately RMB7,880,000 (2018: RMB8,373,000), decreased by approximately 5.9% compared with the corresponding period of last year. The decrease in cost of sales was mainly resulted from the decrease in the revenue of the Group's funeral services.

Other revenue for the three months ended 31 March 2019 was approximately RMB467,000 (2018: RMB196,000), representing an increase of approximately RMB271,000 compared with for the corresponding period of last year.

Compared with the corresponding period of last year, selling expenses for the Current Period increased by approximately 0.6% to approximately RMB2,697,000. Administrative expenses decreased by approximately 21.8% to approximately RMB5,056,000 as a result of the write-back of certain over-accruals and successful in saving administrative expenses during the Current Period.

The profit attributable to the owners of the Company for the three months ended 31 March 2019 was approximately RMB1,645,000 (2018: loss of RMB514,000). Earning per share was approximately RMB0.22 cents (2018: loss of RMB0.07 cents per share).

The Group remained in a healthy and sound liquidity position as at 31 March 2019. The Group had no other material capital commitments, material contracts, contingent liabilities or significant investment plans. It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity facilities to meet operation requirements and acquisition opportunities.

Prospects

The Directors believe that the Group's funeral business is rather stable and its business is relatively concentrated in a densely populated PRC city. It is therefore expected that sales will remain stable. The Group's stem cell and immunocytes sales of agency business has progressed well and has achieved the expected results during the Current Period. The market development of the relevant business has also achieved encouraging development and is expected to further contribute to the Group's business. Management will continue striving for seeking business opportunities and creating value for shareholders.

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

As at 31 March 2019, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and 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 the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

Long Positions in the Shares

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Hong Kong Gaoqi Biological Technology Company Limited	Beneficial Owner (Note)	220,475,000	29.69%

Note: Mr. XU Jianchun is a director and holds 25% interests of issued share capital of Hong Kong Gaoqi Biological Technology Company Limited.

Save as disclosed above and the Directors' and Chief Executives' interests as disclosed in "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation", no person had interests in shares or short positions in the Shares of the Company or underlying shares which are required to be recorded in the register to be kept by the Company pursuant to section 336 of the SFO as at 31 March 2019.

Competing Business

As at 31 March 2019, 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. Details of the share options granted and remaining outstanding as at 31 March 2019 are as follows:

Category of participants	Date of grant	Exercise price per Share	Exercise period	Number of share options at 1 January 2019 and at 31 March 2019
Continuous contract employees	11 February 2010	HK\$1.18	11 August 2010 to 11 February 2020	6,332,000
Consultants	11 February 2010	HK\$1.18	11 August 2010 to 11 February 2020	41,900,000
				48,232,000

For the share options granted in 2010, they are exercisable starting half year from the grant date. The exercisable period is 10 years from the date of grant of the share option.

Save as disclosed above, as at 31 March 2019, 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 three months ended 31 March 2019, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company’s corporate governance practices are based on the principles and the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 to the GEM Listing Rules. The principles adopted by the Company emphasize a quality board, transparency and accountability to shareholders. In the opinion of the Board, the Company has complied with the Code for the three months ended 31 March 2019.

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. As at 31 March 2019, the audit committee comprises three independent non-executive Directors, namely Mr. SUN Fei (chairman of the audit committee), Mr. CHAI Chung Wai, and Mr. WANG Jun.

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2019 pursuant to the relevant provisions contained in the Code provisions and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

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

14 May 2019

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