



**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)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND  
CHANGE OF ADDRESS OF HONG KONG  
BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

**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.**

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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.*

## INTERIM RESULTS (UNAUDITED)

The board (the “Board”) of Directors is here to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “Period”) together with the comparative unaudited condensed consolidated figures for the corresponding period in 2021 (the “Prior Period”), as follows:

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

|  | Notes | Three months ended 30 June     |                                | Six months ended 30 June       |                                |
|--|-------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  |       | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) | 2022<br>RMB'000<br>(Unaudited) | 2021<br>RMB'000<br>(Unaudited) |
| <b>Revenue</b>   | 4     | <b>16,569</b>                  | 18,310                         | <b>37,149</b>                  | 37,271                         |
| Cost of sales and services rendered  |       | <b>(7,973)</b>                 | (7,732)                        | <b>(17,136)</b>                | (15,570)                       |
| <b>Gross profit</b>  |       | <b>8,596</b>                   | 10,578                         | <b>20,013</b>                  | 21,701                         |
| Fair value gain/(loss) on financial assets measured at fair value through profit or loss (“FVTPL”) |       | <b>2,130</b>                   | (37)                           | <b>582</b>                     | (37)                           |
| Other income and other net gains   | 5     | <b>662</b>                     | 499                            | <b>1,306</b>                   | 910                            |
| Selling expenses   |       | <b>(1,524)</b>                 | (1,501)                        | <b>(2,938)</b>                 | (2,796)                        |
| Administrative expenses  |       | <b>(12,634)</b>                | (8,149)                        | <b>(19,139)</b>                | (13,764)                       |
| Other operating expenses   |       | <b>(277)</b>                   | (130)                          | <b>(278)</b>                   | (134)                          |
| <b>(Loss)/profit from operations</b>   |       | <b>(3,047)</b>                 | 1,260                          | <b>(454)</b>                   | 5,880                          |
| Finance costs  | 6(a)  | <b>(482)</b>                   | (524)                          | <b>(982)</b>                   | (1,169)                        |
| <b>(Loss)/profit before taxation</b>   | 6     | <b>(3,529)</b>                 | 736                            | <b>(1,436)</b>                 | 4,711                          |
| Income tax expense   | 7     | <b>(4,249)</b>                 | (1,345)                        | <b>(5,024)</b>                 | (2,896)                        |
| <b>(Loss)/profit for the period</b>  |       | <b>(7,778)</b>                 | (609)                          | <b>(6,460)</b>                 | 1,815                          |
| <b>Other comprehensive income/ (expense) for the period</b>  |       |                                |                                |                                |                                |
| <b>Item that will not be reclassified to profit or loss:</b>                                       |       |                                |                                |                                |                                |
| Deficit on revaluation of land and buildings held for own use                                      |       | –                              | (3)                            | –                              | (3)                            |
| <b>Item that may be reclassified subsequently to profit or loss:</b>                               |       |                                |                                |                                |                                |
| Exchange differences arising on translation of foreign operations                                  |       | <b>357</b>                     | 373                            | <b>(980)</b>                   | 1,736                          |
| <b>Other comprehensive income/(expense) for the period, net of income tax</b>                      |       | <b>357</b>                     | 370                            | <b>(980)</b>                   | 1,733                          |
| <b>Total comprehensive (expense)/income for the period, net of income tax</b>                      |       | <b>(7,421)</b>                 | (239)                          | <b>(7,440)</b>                 | 3,548                          |

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

|  |                       | Three months ended 30 June |                | Six months ended 30 June |                |
|--|-----------------------|----------------------------|----------------|--------------------------|----------------|
|  |                       | 2022                       | 2021           | 2022                     | 2021           |
| <i>Notes</i>   | <b><i>RMB'000</i></b> | <i>RMB'000</i>             | <i>RMB'000</i> | <b><i>RMB'000</i></b>    | <i>RMB'000</i> |
|  |                       | (Unaudited)                | (Unaudited)    | (Unaudited)              | (Unaudited)    |
| <b>(Loss)/profit for the period attributable to:</b>         |                       |                            |                |                          |                |
| Owners of the Company  |                       | (7,084)                    | (312)          | (6,362)                  | 2,345          |
| Non-controlling interests                                    |                       | (694)                      | (297)          | (98)                     | (530)          |
|  |                       | <u>(7,778)</u>             | <u>(609)</u>   | <u>(6,460)</u>           | <u>1,815</u>   |
| <b>Total comprehensive (expense)/income attributable to:</b> |                       |                            |                |                          |                |
| Owners of the Company  |                       | (6,402)                    | (98)           | (6,906)                  | 3,857          |
| Non-controlling interests                                    |                       | (1,019)                    | (141)          | (534)                    | (309)          |
|  |                       | <u>(7,421)</u>             | <u>(239)</u>   | <u>(7,440)</u>           | <u>3,548</u>   |
| <b>(Loss)/earnings per share</b>                             |                       |                            |                |                          |                |
| Basic and diluted ( <i>RMB cents</i> )                       | 8                     | <u>(0.95)</u>              | <u>(0.04)</u>  | <u>(0.86)</u>            | <u>0.32</u>    |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  |              | At<br><b>30 June<br/>2022</b>        | At<br>31 December<br>2021          |
|--|--------------|--------------------------------------|------------------------------------|
|  | <i>Notes</i> | <b>RMB'000</b><br><b>(Unaudited)</b> | <b>RMB'000</b><br><b>(Audited)</b> |
| <b>NON-CURRENT ASSETS</b>  |              |                                      |                                    |
| Property, plant and equipment                                      | 10           | 32,296                               | 32,773                             |
| Right-of-use assets  |              | 25,191                               | 27,638                             |
| Investment properties  | 11           | 7,311                                | 7,401                              |
| Intangible assets  |              | 1,591                                | 2,024                              |
| Interests in associates  |              | –                                    | –                                  |
| Goodwill   |              | –                                    | –                                  |
| Other deposits   | 13           | 43                                   | 44                                 |
| Deposits for hire of funeral parlours and funeral services centres | 13           | 1,000                                | 1,000                              |
|  |              | <b>67,432</b>                        | <b>70,880</b>                      |
| <b>CURRENT ASSETS</b>  |              |                                      |                                    |
| Financial assets measured at FVTPL                                 | 12           | 48,091                               | 38,577                             |
| Development and formation costs                                    |              | 4,672                                | 4,529                              |
| Inventories  |              | 1,607                                | 1,625                              |
| Trade and other receivables  | 13           | 29,964                               | 30,686                             |
| Cash and bank balances   |              | 125,138                              | 117,557                            |
|  |              | <b>209,472</b>                       | <b>192,974</b>                     |
| <b>CURRENT LIABILITIES</b>   |              |                                      |                                    |
| Trade and other payables   | 14           | 11,103                               | 14,099                             |
| Contract liabilities   |              | 90,672                               | 90,207                             |
| Lease liabilities  |              | 4,662                                | 4,564                              |
| Bank borrowings  |              | 1,174                                | 1,192                              |
| Income tax liabilities   |              | 4,258                                | 3,567                              |
| Amounts due to directors   | 17(e)        | 1,851                                | 1,563                              |
| Amount due to a shareholder  | 17(f)        | 13,723                               | 11,899                             |
| Provisions   |              | 3,039                                | 3,086                              |
|  |              | <b>130,482</b>                       | <b>130,177</b>                     |
| <b>NET CURRENT ASSETS</b>  |              | <b>78,990</b>                        | <b>62,797</b>                      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                       |              | <b>146,422</b>                       | <b>133,677</b>                     |

|   | <b>At</b>             | <b>At</b>             |
|---|-----------------------|-----------------------|
|   | <b>30 June</b>        | <b>31 December</b>    |
|   | <b>2022</b>           | <b>2021</b>           |
| <i>Notes</i>  | <b><i>RMB'000</i></b> | <b><i>RMB'000</i></b> |
|   | <b>(Unaudited)</b>    | <b>(Audited)</b>      |
| <b>NON-CURRENT LIABILITIES</b>                      |                       |                       |
| Bank borrowings                                     | 4,155                 | 4,812                 |
| Lease liabilities                                   | 20,553                | 22,924                |
| Contract liabilities                                | 366                   | 353                   |
|   | 25,074                | 28,089                |
| <b>NET ASSETS</b>                                   | <b>121,348</b>        | <b>105,588</b>        |
| <b>EQUITY</b>                                       |                       |                       |
| <b>Equity attributable to owners of the Company</b> |                       |                       |
| Share capital                                       | 69,218                | 69,218                |
| Reserves  | 40,384                | 45,390                |
|   | 109,602               | 114,608               |
| <b>Non-controlling interests</b>                    | <b>11,746</b>         | <b>(9,020)</b>        |
| <b>TOTAL EQUITY</b>                                 | <b>121,348</b>        | <b>105,588</b>        |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Attributable to owners of the Company |                |                 |                   |                           |                                |                                      |                                  |               |                    |                | Non-controlling interests | Total equity   |
|--|---------------------------------------|----------------|-----------------|-------------------|---------------------------|--------------------------------|--------------------------------------|----------------------------------|---------------|--------------------|----------------|---------------------------|----------------|
|  | Share capital                         | Share premium  | Merger reserve  | Statutory reserve | Statutory surplus reserve | Properties revaluation reserve | Foreign currency translation reserve | Share-based compensation reserve | Other reserve | Accumulated losses | Total          |                           |                |
|  | RMB'000                               | RMB'000        | RMB'000         | RMB'000           | RMB'000                   | RMB'000                        | RMB'000                              | RMB'000                          | RMB'000       | RMB'000            | RMB'000        | RMB'000                   | RMB'000        |
| <b>At 31 December 2020 (Audited) and 1 January 2021 (Unaudited)</b>            | 69,218                                | 220,633        | (16,261)        | 790               | 12,058                    | 3,141                          | (19,170)                             | -                                | -             | (151,139)          | 119,270        | (7,544)                   | 111,726        |
| Profit/(loss) for the period   | -                                     | -              | -               | -                 | -                         | -                              | -                                    | -                                | -             | 2,345              | 2,345          | (530)                     | 1,815          |
| Deficit on revaluation of land and buildings held for own use                  | -                                     | -              | -               | -                 | -                         | (3)                            | -                                    | -                                | -             | -                  | (3)            | -                         | (3)            |
| Exchange differences arising on translation of foreign operations              | -                                     | -              | -               | -                 | -                         | -                              | 1,515                                | -                                | -             | -                  | 1,515          | 221                       | 1,736          |
| Other comprehensive (expenses)/ income   | -                                     | -              | -               | -                 | -                         | (3)                            | 1,515                                | -                                | -             | -                  | 1,512          | 221                       | 1,733          |
| <b>Total comprehensive (expenses)/ income for the period</b>                   | <b>-</b>                              | <b>-</b>       | <b>-</b>        | <b>-</b>          | <b>-</b>                  | <b>(3)</b>                     | <b>1,515</b>                         | <b>-</b>                         | <b>-</b>      | <b>2,345</b>       | <b>3,857</b>   | <b>(309)</b>              | <b>3,548</b>   |
| Recognition of non-controlling interests upon partial disposal of subsidiaries | -                                     | -              | -               | -                 | -                         | -                              | -                                    | -                                | -             | 433                | 433            | (433)                     | -              |
| Capital contributions from non-controlling interests                           | -                                     | -              | -               | -                 | -                         | -                              | -                                    | -                                | -             | -                  | -              | 5,780                     | 5,780          |
| <b>At 30 June 2021 (Unaudited)</b>   | <b>69,218</b>                         | <b>220,633</b> | <b>(16,261)</b> | <b>790</b>        | <b>12,058</b>             | <b>3,138</b>                   | <b>(17,655)</b>                      | <b>-</b>                         | <b>-</b>      | <b>(148,361)</b>   | <b>123,560</b> | <b>(2,506)</b>            | <b>121,054</b> |
| <b>At 31 December 2021 (Audited) and 1 January 2022 (Unaudited)</b>            | 69,218                                | 220,633        | (16,261)        | 790               | 12,058                    | 5,495                          | (16,675)                             | -                                | 361           | (161,011)          | 114,608        | (9,020)                   | 105,588        |
| Loss for the period  | -                                     | -              | -               | -                 | -                         | -                              | -                                    | -                                | -             | (6,362)            | (6,362)        | (98)                      | (6,460)        |
| Exchange differences arising on translation of foreign operations              | -                                     | -              | -               | -                 | -                         | -                              | (544)                                | -                                | -             | -                  | (544)          | (436)                     | (980)          |
| Other comprehensive expenses   | -                                     | -              | -               | -                 | -                         | -                              | (544)                                | -                                | -             | -                  | (544)          | (436)                     | (980)          |
| <b>Total comprehensive expenses for the period</b>                             | <b>-</b>                              | <b>-</b>       | <b>-</b>        | <b>-</b>          | <b>-</b>                  | <b>-</b>                       | <b>(544)</b>                         | <b>-</b>                         | <b>-</b>      | <b>(6,362)</b>     | <b>(6,906)</b> | <b>(534)</b>              | <b>(7,440)</b> |
| Equity-settled share-based transactions (Note 15)                              | -                                     | -              | -               | -                 | -                         | -                              | -                                    | 1,900                            | -             | -                  | 1,900          | -                         | 1,900          |
| Capital contributions from non-controlling interests                           | -                                     | -              | -               | -                 | -                         | -                              | -                                    | -                                | -             | -                  | -              | 21,300                    | 21,300         |
| <b>At 30 June 2022 (Unaudited)</b>   | <b>69,218</b>                         | <b>220,633</b> | <b>(16,261)</b> | <b>790</b>        | <b>12,058</b>             | <b>5,495</b>                   | <b>(17,219)</b>                      | <b>1,900</b>                     | <b>361</b>    | <b>(167,373)</b>   | <b>109,602</b> | <b>11,746</b>             | <b>121,348</b> |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | Six months ended 30 June              |                                       |
|---|---------------------------------------|---------------------------------------|
|   | 2022<br><i>RMB'000</i><br>(Unaudited) | 2021<br><i>RMB'000</i><br>(Unaudited) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES                    | <u>644</u>                            | <u>731</u>                            |
| NET CASH USED IN INVESTING ACTIVITIES                           | <u>(9,925)</u>                        | <u>(3,429)</u>                        |
| NET CASH GENERATED FROM FINANCING ACTIVITIES                    | <u>17,340</u>                         | <u>1,883</u>                          |
| <b>NET INCREASE/(DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b> | <b>8,059</b>                          | <b>(815)</b>                          |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY                          | <b>117,557</b>                        | 123,674                               |
| EFFECT OF FOREIGN EXCHANGE RATES CHANGES                        | <u>(478)</u>                          | <u>2,757</u>                          |
| <b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>                     | <b><u>125,138</u></b>                 | <b><u>125,616</u></b>                 |
| <b>ANALYSIS OF BALANCES OF CASH AND<br/>CASH EQUIVALENTS</b>    |                                       |                                       |
| Cash and bank balances  | <b><u>125,138</u></b>                 | <b><u>125,616</u></b>                 |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2022*

## 1. GENERAL

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

The Company is principally engaged in investment holding. The subsidiaries are mainly engaged in the provision of funeral and related services in the People's Republic of China (the "PRC"), Taiwan and Hong Kong Special Administrative Region, the PRC ("Hong Kong"), sale of burial plots and tombstones and provision of cemetery maintenance services in Socialist Republic of Vietnam ("Vietnam"), and provision of advisory service on stem cells and immunocytes in both the PRC and Hong Kong, and sales of advance biotechnical machineries and other electronic products in Hong Kong. The Company and its subsidiaries are herein collectively referred to as the "Group". The addresses of the Company's registered office and principal place of business are The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands and Unit 601, 6/F., Ovest, No. 77 Wing Lok Street, Sheung Wan, Hong Kong respectively.

## 2. BASIS OF PREPARATION

These Group's unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 ("HKASs") and Interpretations, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These unaudited condensed consolidated interim financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021 (the "2021 Annual Financial Statements"), which have been prepared in accordance with HKFRS(s).

The HKICPA has issued certain new and amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. These unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 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 2022. Note 3 of these unaudited condensed consolidated interim financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these unaudited condensed consolidated interim financial statements.

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

- investment properties;
- freehold land and buildings; and
- financial assets measured as at FVTPL.



The preparation of these unaudited condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. 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 2021 Annual Financial Statements.

These unaudited condensed consolidated interim financial statements contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 Annual Financial Statements. These unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

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

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

These unaudited condensed consolidated interim 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 interim financial statements.

|                      |   |
|----------------------|---|
| HKAS 16 (Amendments) | Property, Plant and Equipment: Proceeds before intended use |
| HKAS 37 (Amendments) | Onerous Contracts – Cost of Fulfilling a Contract           |
| HKFRS 3 (Amendments) | Conceptual Framework for Financial Reporting                |
| Amendments to HKFRSs | Annual Improvements to HKFRS Standards 2018–2020 Cycle      |

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

**3.2 New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2022 and not early adopted by the Group**

|  | <b>Effective for<br/>accounting periods<br/>beginning on or<br/>after</b> |
|--|---|
| HKFRS 17, <i>Insurance Contracts and the related Amendment</i>   | 1 January 2023  |
| Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i> | 1 January 2023  |
| Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>  | 1 January 2023  |
| Amendments to HKAS 8, <i>Definition of Accounting Estimates</i>  | 1 January 2023  |
| Amendments to HKAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>                                   | 1 January 2023  |
| HK-Int 5, <i>Amendments in relation to Amendments to HKAS 1</i>  | 1 January 2023  |
| Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>                 | 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 initial application are not expected to have material impact on the financial performance and the financial position of the Group.

#### 4. REVENUE AND SEGMENT INFORMATION

##### (a) Revenue

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

|  | <b>2022</b><br><i>RMB'000</i><br><b>(Unaudited)</b> | 2021<br><i>RMB'000</i><br>(Unaudited) |
|--|---|---------------------------------------|
| Funeral services and cremation services provided in funeral parlours and funeral services centres under Group's management | <b>35,061</b>                                       | 35,521                                |
| Funeral arrangement and related consultancy services   | <b>1,482</b>  | 1,101                                 |
| Sales of burial plots and tombstones   | <b>404</b>  | 144                                   |
| Provision of advisory service on stem cells and immunocytes  | <b>202</b>  | 505                                   |
|  | <b>37,149</b>                                       | 37,271                                |

##### (b) Segment information

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

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

The Group had below two reportable segments:

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

- (A) **The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2022 and 2021 is as follows:**

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

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

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

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

Segment results represent the earnings and loss of each segment without allocation of fair value gain/(loss) in financial assets measured at FVTPL, other income and other net gains, unallocated head offices and corporate expenses, finance costs and income tax expense. This is the measure reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

For the purpose of assessment by the Executive Directors, the finance costs on bank borrowings and lease liabilities were not included in segment results while the bank borrowings and lease liabilities have been included in the segment liabilities.

|   | Six months ended 30 June                   |   |                                 |  |   |                                 |
|---|--|---|---------------------------------|--|---|---------------------------------|
|   | 2022                                       |   |                                 | 2021                                       |   |                                 |
|   | Funeral services<br>RMB'000<br>(Unaudited) | Stem cells and immunocytes and other businesses<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) | Funeral services<br>RMB'000<br>(Unaudited) | Stem cells and immunocytes and other businesses<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
| <b>Segment Revenue</b>  |  |   |                                 |  |   |                                 |
| - Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management | 35,061                                     | -   | 35,061                          | 35,521                                     | -   | 35,521                          |
| - Funeral arrangement and consultancy services  | 1,482                                      | -   | 1,482                           | 1,101                                      | -   | 1,101                           |
| - Sales of burial plots and tombstones  | 404  | -   | 404                             | 144  | -   | 144                             |
| - Provision of advisory service on stem cells and immunocytes   | -  | 202   | 202                             | -  | 505   | 505                             |
|   | <b>36,947</b>                              | <b>202</b>  | <b>37,149</b>                   | <b>36,766</b>                              | <b>505</b>  | <b>37,271</b>                   |
| Segment operating profit/(loss)   | <b>5,833</b>                               | <b>(19)</b>   | <b>5,814</b>                    | <b>8,866</b>                               | <b>(169)</b>  | <b>8,697</b>                    |

There are no inter-segment sales during both the Period and the Prior Period.

The following table presents segment assets and segment liabilities of the Group's reportable segments as at 30 June 2022 and 31 December 2021:

|                     | As at 30 June 2022                                |  |  | As at 31 December 2021                          |  |                                      |
|---------------------|---|--|--|---|--|--------------------------------------|
|                     | Funeral services<br><i>RMB'000</i><br>(Unaudited) | Stem cells and immunocytes and other businesses<br><i>RMB'000</i><br>(Unaudited) | Total<br><i>RMB'000</i><br>(Unaudited) | Funeral services<br><i>RMB'000</i><br>(Audited) | Stem cells and immunocytes and other businesses<br><i>RMB'000</i><br>(Audited) | Total<br><i>RMB'000</i><br>(Audited) |
| Segment assets      | <u>214,429</u>                                    | <u>6,892</u>   | <u>221,321</u>                         | <u>234,537</u>                                  | <u>4,160</u>   | <u>238,697</u>                       |
| Segment liabilities | <u>130,870</u>                                    | <u>8,935</u>   | <u>139,805</u>                         | <u>135,452</u>                                  | <u>6,048</u>   | <u>141,500</u>                       |

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

|   | Six months ended 30 June              |                                       |
|---|---------------------------------------|---------------------------------------|
|   | 2022<br><i>RMB'000</i><br>(Unaudited) | 2021<br><i>RMB'000</i><br>(Unaudited) |
| Total reportable segment revenue and consolidated revenue               | <u>37,149</u>                         | <u>37,271</u>                         |
| Total reportable segment profit derived from Group's external customers | 5,814                                 | 8,697                                 |
| Fair value gain/(loss) on financial assets measured at FVTPL            | 582                                   | (37)                                  |
| Unallocated other income and other net gains                            | 1,306                                 | 910                                   |
| Finance costs   | (982)                                 | (1,169)                               |
| Unallocated head office and corporate expenses                          | <u>(8,156)</u>                        | <u>(3,690)</u>                        |
| Consolidated (loss)/profit before taxation                              | <u>(1,436)</u>                        | <u>4,711</u>                          |

**(B) Disaggregation of revenue**

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

*For the six months ended 30 June 2022*

|   | Funeral services<br><i>RMB'000</i><br>(Unaudited) | Stem cells and immunocytes and other businesses<br><i>RMB'000</i><br>(Unaudited) | Total<br><i>RMB'000</i><br>(Unaudited) |
|---|---|--|--|
| <b>Primary geographical markets</b>   |   |  |  |
| The PRC   | 35,061  | –  | 35,061                                 |
| Taiwan  | 717   | –  | 717                                    |
| Hong Kong   | 765   | 202  | 967                                    |
| Vietnam   | 404   | –  | 404                                    |
|   | <u>36,947</u>                                     | <u>202</u>   | <u>37,149</u>                          |
| <b>Major products and services</b>  |   |  |  |
| Funeral services and cremation services provided in funeral parlours and funeral service centres under the Group's management | 35,061  | –  | 35,061                                 |
| Funeral arrangement and consultancy services  | 1,482   | –  | 1,482                                  |
| Sales of burial plots and tombstones  | 404   | –  | 404                                    |
| Provision of advisory service on stem cells and immunocytes   | –   | 202  | 202                                    |
|   | <u>36,947</u>                                     | <u>202</u>   | <u>37,149</u>                          |
| <b>Timing of revenue recognition</b>  |   |  |  |
| At a point in time  | 404   | –  | 404                                    |
| Transferred over time   | 36,543  | 202  | 36,745                                 |
|   | <u>36,947</u>                                     | <u>202</u>   | <u>37,149</u>                          |

For the six months ended 30 June 2021

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

(C) **Geographic information**

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

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

|           | Revenue from<br>external customers<br>(by customer location) |                | Specified<br>non-current assets<br>(by physical location) |                      |
|-----------|--|----------------|---|----------------------|
|           | Six months ended 30 June                                     |                | As at<br>30 June  | As at<br>31 December |
|           | 2022   | 2021           | 2022  | 2021                 |
|           | <i>RMB'000</i>   | <i>RMB'000</i> | <i>RMB'000</i>  | <i>RMB'000</i>       |
|           | (Unaudited)  | (Unaudited)    | (Unaudited)   | (Audited)            |
| The PRC   | 35,061   | 36,026         | 32,373  | 37,688               |
| Taiwan    | 717  | 633            | 32,475  | 33,073               |
| Hong Kong | 967  | 468            | 1,065   | 60                   |
| Vietnam   | 404  | 144            | 66  | 59                   |
|           | <u>37,149</u>  | <u>37,271</u>  | <u>65,979</u>   | <u>70,880</u>        |

5. **OTHER INCOME AND OTHER NET GAINS**

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2022                     | 2021           |
|   | <i>RMB'000</i>           | <i>RMB'000</i> |
|   | (Unaudited)              | (Unaudited)    |
| Interest income on bank deposits                        | 30                       | 76             |
| Sundry income   | 166                      | 276            |
| Rental income from investment properties                | 602                      | 580            |
| Gains on disposal of financial assets measured at FVTPL | 454                      | –              |
| Net exchange gains/(losses)                             | 54                       | (22)           |
|   | <u>1,306</u>             | <u>910</u>     |



## 6. (LOSS)/PROFIT BEFORE TAXATION

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

|  | Six months ended 30 June              |                                       |
|--|---------------------------------------|---------------------------------------|
|  | 2022<br><i>RMB'000</i><br>(Unaudited) | 2021<br><i>RMB'000</i><br>(Unaudited) |
| <b>(a) Finance costs</b>   |                                       |                                       |
| Interest on lease liabilities  | 911                                   | 1,083                                 |
| Interest on bank borrowings  | 71                                    | 86                                    |
| Total interest expenses on financial liabilities<br>not at FVTPL   | <u>982</u>                            | <u>1,169</u>                          |
| <b>(b) Staff costs (including Directors' emoluments)</b>   |                                       |                                       |
| Salaries, wages and other benefits   | 12,631                                | 9,769                                 |
| Share based compensation   | 1,900                                 | –                                     |
| Contributions to defined contribution retirement<br>plans  | 1,109                                 | 1,196                                 |
|  | <u>15,640</u>                         | <u>10,965</u>                         |
| <b>(c) Depreciation and amortisation</b>   |                                       |                                       |
| Right-of-use assets  | 2,389                                 | 2,387                                 |
| Property, plant and equipment  | 784                                   | 1,051                                 |
| Intangible assets  | 433                                   | –                                     |
|  | <u>3,606</u>                          | <u>3,438</u>                          |
| <b>(d) Other items</b>   |                                       |                                       |
| Cost of inventories  | 5,444                                 | 4,297                                 |
| Rental income from investment properties less<br>direct outgoing of RMB nil (2021: RMB nil)  | (602)                                 | (580)                                 |
| Lease payments for property, plant and equipment<br>not included in the measurement of<br>lease liabilities: minimum lease payment | 106                                   | –                                     |

## 7. INCOME TAX EXPENSE

|   | Six months ended 30 June              |                                       |
|---|---------------------------------------|---------------------------------------|
|   | 2022<br><i>RMB'000</i><br>(Unaudited) | 2021<br><i>RMB'000</i><br>(Unaudited) |
| PRC Enterprise Income Tax (“EIT”) ( <i>Note (c)</i> ) |                                       |                                       |
| – Current tax   | 1,755                                 | 2,704                                 |
| – Underprovision for prior years                      | 3,269                                 | 192                                   |
|   | <u>5,024</u>                          | <u>2,896</u>                          |

*Notes:*

- (a) Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for both the Period and the Prior Period.

- (b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands, Independent State of Samoa (“Samoa”) and the British Virgin Islands (“BVI”) for both the Period and the Prior Period.
- (c) The subsidiaries operating in the PRC are subject to EIT rate at 25% for both the 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 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. Pursuant to 《關於延續西部大開發企業所得稅政策的公告》 (Announcement No. 23 of the Ministry of Finance in 2020) issued in April 2020, Chongqing Xizhou was subject to a preferential tax rate of 15% from 1 January 2021 to 30 December 2030, when the annual revenue from the encouraged business exceeded 60% of Chongqing Xizhou total revenue in a fiscal year.
- (d) Bau Shan Life Science Technology Co., Ltd. (“Bau Shan”), a direct subsidiary of the Company, and Bao De Life Enterprise Co., Ltd. (“Bao De”) and Bu Lao Lin Limited (“BLL”), both indirect subsidiaries of the Company, are subject to Taiwan Enterprise Income Tax at 17% for both the Period and Prior Period on taxable profits determined in accordance with the Income Tax Act and other relevant laws in Taiwan. No provision for Taiwan Enterprise Income Tax has been made as Bau Shan has accumulated tax loss brought forward which exceed the estimated assessable profits for both the Current Period and Prior Period, and Bao De and BLL have no assessable profits for both the Period and the Prior Period.
- (e) Bao Son Life Company Limited (“Bao Son Life”) and Hoan Loc Viet Duc Hoa Corporation (“HLV Duc Hoa”), indirect non-wholly-owned subsidiaries of the Company, are subject to Vietnam Corporate Income Tax at 20% (The Prior Period: 20%), on taxable profits determined in accordance with the relevant laws and regulations in Vietnam. No provision for Vietnam Corporate Income Tax has been made as Bao Son Life and HLV Duc Hoa have no assessable profits for both the Period and the Prior Period.
- (f) PRC withholding tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008.

## 8. (LOSS)/EARNINGS PER SHARE

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

The calculation of basic (loss)/earnings per share for the three months and six months ended 30 June 2022 and 2021 are as follow:

|   | Three months ended |                    | Six months ended   |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 30 June            | 2021               | 30 June            | 2021               |
|   | 2022               | 2021               | 2022               | 2021               |
|   | (Unaudited)        | (Unaudited)        | (Unaudited)        | (Unaudited)        |
| (Loss)/profit attributable to the owners of the Company (RMB'000) | <u>(7,084)</u>     | <u>(312)</u>       | <u>(6,362)</u>     | <u>2,345</u>       |
| Weighted average number of ordinary shares                        | <u>742,500,000</u> | <u>742,500,000</u> | <u>742,500,000</u> | <u>742,500,000</u> |
| Basic (loss)/earnings per share (RMB cents)                       | <u>(0.95)</u>      | <u>(0.04)</u>      | <u>(0.86)</u>      | <u>0.32</u>        |

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

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the three months and six months ended 30 June 2022 and 2021 as the impact of the share options had anti-dilutive effect on the basic (loss)/earnings per share amounts presented. Therefore, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

## 9. DIVIDENDS

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

## 10. PROPERTY, PLANT AND EQUIPMENT

### (a) Acquisitions and disposals

During the Period, the Group acquired items of property, plant and equipment with a cost of approximately RMB1,222,000 (The Prior Period: RMB592,000). Items of property, plant and equipment with carrying amounts of approximately RMB nil were disposed of during the Period (The Prior Period: RMB94,000).

### (b) Valuation

The freehold land and buildings held by the Group for own were carried at their fair values as determined by the Directors, at 30 June 2022, with reference to recent market transactions for similar properties; and at 31 December 2021, with reference to the valuation reports prepared by an independent firm of surveyors.

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

## 11. INVESTMENT PROPERTIES

### Valuation

The investment properties held by the Group were carried at its fair value as determined by the Directors, at 30 June 2022, with reference to recent market transactions for similar properties; and at 31 December 2021, with reference to the valuation reports prepared by an independent firm of surveyors.

## 12. FINANCIAL ASSETS MEASURED AT FVTPL

|  | At<br>30 June<br>2022<br>RMB'000<br>(Unaudited) | At<br>31 December<br>2021<br>RMB'000<br>(Audited) |
|--|---|---|
| Measured at FVTPL  |   |   |
| – Mutual funds/unit trusts established in Taiwan ( <i>Note i</i> ) | 33,009  | 34,482  |
| Trading securities   |   |   |
| – Equity securities listed outside Hong Kong ( <i>Note ii</i> )    | 15,082  | 4,095   |
|  | <u>48,091</u>                                   | <u>38,577</u>                                     |

### Note:

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

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

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.

- (ii) At 30 June 2022 and 31 December 2021, the trading securities were stated at fair value, determined by reference to bid prices quoted in an active market.

Financial assets measured at FVTPL are presented within “operating activities” as part of changes in working capital and trading securities are presented within “investing activities” in the unaudited condensed consolidated statement of cash flows. The Group has obtained a net realised and unrealised gain, in aggregate, of approximately RMB1,490,000 for the Period, while net realised and unrealised loss, in aggregate, of approximately RMB37,000 was recorded during the Prior Period. The net unrealised gain or loss of the above financial assets are recorded in “Fair value gain/(loss) on financial assets measured at FVTPL” while the net realised gain or loss of the above financial assets are recorded in “Other income and other net gains” in the unaudited condensed consolidated statement of profit or loss.

### 13. TRADE AND OTHER RECEIVABLES

|   | At<br>30 June<br>2022<br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2021<br><i>RMB'000</i><br>(Audited) |
|---|--|--|
| Trade receivables   | 1,712  | 1,216  |
| Less: Allowance for expected credit losses (“ECLs”)                 | (777)  | (777)  |
| Trade receivables, net ( <i>note (a)</i> )                          | <u>935</u>   | <u>439</u>   |
| Prepayments, deposits and other receivables, net                    | <u>30,072</u>  | <u>31,291</u>  |
|   | <u><b>31,007</b></u>                                   | <u>31,730</u>  |
| Representing:   |  |  |
| Current   |  |  |
| – Trade and other receivables                                       | 29,964   | 30,686   |
| Non-current   |  |  |
| – Deposits for hire of funeral parlours and funeral services centre | 1,000  | 1,000  |
| – Other deposits  | 43   | 44   |
|   | <u>31,007</u>  | <u>31,730</u>  |

*Note:*

- (a) Trade receivables with the following aging analysis by age presented based on the invoice date, net of allowance, as at 30 June 2022 and 31 December 2021 is as below:

|                   | At<br>30 June<br>2022<br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2021<br><i>RMB'000</i><br>(Audited) |
|-------------------|--|--|
| 0 to 180 days     | 935  | 439  |
| 181 to 365 days   | –  | –  |
| 1 year to 2 years | –  | –  |
|                   | <u>935</u>   | <u>439</u>   |

During the Period, the average credit period for funeral arrangement services granted to non-funeral services deed customers is 45 days (The Prior Period: 45 days).

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

- (b) All of the current portion of trade and other receivables are expected to be recovered within one year and prepayments are expected to be recognised as expense within one year or in its normal operating cycle.
- (c) The carrying amounts of trade and other receivables approximate to their fair values.

#### 14. TRADE AND OTHER PAYABLES

|  | At<br>30 June<br>2022<br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2021<br><i>RMB'000</i><br>(Audited) |
|--|--|--|
| Trade payables ( <i>note (c)</i> )               | 1,837  | 2,221  |
| Other payables and accruals                      | 9,266  | 11,878   |
|  | <hr/>  | <hr/>  |
| Financial liabilities measured at amortised cost | <b>11,103</b>  | 14,099   |
|  | <hr/> <hr/>  | <hr/> <hr/>  |

*Note:*

- (a) All of the trade and other payables are expected to be settled within one year or are repayable on demand.
- (b) The carrying amounts of trade and other payables approximate to their fair values.
- (c) The following is an ageing analysis of trade payables, based on the date of receipt of goods or services received, as at 30 June 2022 and 31 December 2021:

|                    | At<br>30 June<br>2022<br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2021<br><i>RMB'000</i><br>(Audited) |
|--------------------|--|--|
| 0 to 30 days       | 1,647  | 650  |
| 31 days to 90 days | –  | 724  |
| Over 90 days       | 190  | 847  |
|                    | <hr/>  | <hr/>  |
|                    | <b>1,837</b>   | 2,221  |
|                    | <hr/> <hr/>  | <hr/> <hr/>  |

## 15. CAPITAL AND RESERVES

### (a) Equity settled share-based transactions

Pursuant to the share option scheme adopted by the Company on 22 April 2021 (the “Share Option Scheme”) on 19 May 2022, 25,956,000 share options (the “Share Options”) to subscribe for 25,956,000 ordinary shares of par value of HK\$0.1 each of the Company (the “Shares”), representing approximately 3.7% of the issued share capital of the Company, were granted by the Company to certain eligible persons (the “Grantees”) at a consideration of HK\$1.00 for grant of Share Options upon acceptance for each Grantee. Each option gives the holder the right to subscribe for one ordinary share of the company.

These Share Options were vested immediately upon the grant of Share Options, and then be exercisable until 18 May 2032. The exercise price is \$0.137, being the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the grant of the Share Options.

No share options were granted during the six months ended 30 June 2021. No options were exercised during the six months ended 30 June 2022 and 2021.

## 16. 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. Results of the valuations at each quarterly, interim and annual reporting date are reviewed and approved by the Directors. Discussion of the valuation process and results with the Directors and the Audit Committee is held quarterly, to coincide with the reporting dates.

|                                    | Fair value measurements<br>as at 30 June 2022                       |   |  |  |
|------------------------------------|---|---|--|--|
|                                    | Fair value at<br>30 June 2022<br><i>RMB'000</i><br>(Unaudited)      | Level 1<br><i>RMB'000</i><br>(Unaudited)          | Level 2<br><i>RMB'000</i><br>(Unaudited) | Level 3<br><i>RMB'000</i><br>(Unaudited) |
| Recurring fair value measurement   |   |   |  |  |
| Financial assets:                  |   |   |  |  |
| Financial assets measured at FVTPL | 48,091  | 48,091  | –  | –  |
|                                    |   | Fair value measurements<br>as at 31 December 2021 |  |  |
|                                    | Fair value at<br>31 December<br>2021<br><i>RMB'000</i><br>(Audited) | Level 1<br><i>RMB'000</i><br>(Audited)            | Level 2<br><i>RMB'000</i><br>(Audited)   | Level 3<br><i>RMB'000</i><br>(Audited)   |
| Recurring fair value measurement   |   |   |  |  |
| Financial assets:                  |   |   |  |  |
| Financial assets measured at FVTPL | 38,577  | 38,577  | –  | –  |

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

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

The carrying amounts of the Group's financial instruments carried at costs or amortised costs are not materially different from their fair values as at 31 December 2021 and 30 June 2022.

**17. CAPITAL COMMITMENTS**

As at 30 June 2022 and 31 December 2021, the Group had commitment for the capital injections in associates and a joint venture, and construction in progress amounted to approximately RMB18,418,000 and RMB18,428,000 respectively.



## 18. RELATED PARTY TRANSACTIONS

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

### (a) Key management personnel remuneration

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

|                              | Six months ended 30 June |                |
|------------------------------|--------------------------|----------------|
|                              | 2022                     | 2021           |
|                              | <i>RMB'000</i>           | <i>RMB'000</i> |
|                              | (Unaudited)              | (Unaudited)    |
| Short-term employee benefits | 3,860                    | 1,883          |
| Share based compensation     | 469                      | –              |
| Post-employment benefits     | 9                        | 9              |
|                              | <u>4,338</u>             | <u>1,892</u>   |

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

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

|                              | Six months ended 30 June |                |
|------------------------------|--------------------------|----------------|
|                              | 2022                     | 2021           |
|                              | <i>RMB'000</i>           | <i>RMB'000</i> |
|                              | (Unaudited)              | (Unaudited)    |
| Short-term employee benefits | 649                      | 128            |
| Post-employment benefits     | –                        | –              |
|                              | <u>649</u>               | <u>128</u>     |

### (c) Other related parties transactions

- (i) On 15 March 2013, a renewal of deed of trust (the “Niao Song Deed”) was entered into between Bau Shan and Ms. Li Pi Hsia (“Ms. Li”), spouse of Mr. Liu Tien-Tsai (“Mr. Liu”), in relation to the land property situated in Taiwan at No. 943 in Section Linnei, Niao Song Township, Kaohsiung County, Taiwan (the “Niao Song Property”). Under the Niao Song Deed, Bau Shan agreed that the Niao Song Property, which is owned by Bau Shan, shall be registered under the name of and held on trust by Ms. Li for Bau Shan for a term of ten years commencing on 15 March 2013. Ms. Li has agreed that she shall act in the interest of Bau Shan in relation to the Niao Song Property during the term of the Niao Song Deed.

- (ii) On 25 March 2016, a deed of trust (the “Neimen Deed”) was entered into between BLL and Mr. Liu in relation to a land property situated in Taiwan at No. 0300–00001 in Section Laizikeng, Neimen District, Kaohsiung County, Taiwan (the “Neimen Property”). Under the Neimen Deed, BLL agreed that the Neimen Property, which is owned by BLL, shall be registered under the name of and held on trust by Mr. Liu for BLL. Mr. Liu has agreed that he shall act in the interest of BLL in relation to the Neimen Property.
- (iii) Mr. Liu signed a tenancy agreement agreeing the Group to lawfully use the property situated at unit 1404 on Level 14, Zhongxing Garden, No. 1 Heping Road, Chongqing City, the PRC (the “Leased Property”) as the staff dormitory at a monthly rent of RMB6,000 starting from 1 January 2021 and the monthly rent is determined annually.
- (iv) On 1 April 2016, BLL was granted by Mr. Liu Ting Husan, close family member of Mr. Liu, on an exclusive basis a licence to use a number of trademarks in connection with the elderly care and related consultancy services of BLL at a consideration of HKD1,000 per year.
- (v) Guarantee for the Group’s bank loan of approximately RMB1,568,000 (31 December 2021: RMB1,791,000) is given by Mr. Liu as at 30 June 2022.
- (vi) On 31 January 2019, Zhongke Guangju Cell Therapy (Guangdong) Co., Ltd.\* (“Zhongke Guangju”), a company incorporated in the PRC with limited liability and is indirectly held as to 30% equity interest by Mr. Xu Jianchun (“Mr. Xu”) and his associates through a controlled company, and Zhongke Zhenqi Biotechnology (Hong Kong) Company Limited (“Zhongke Zhenqi”), a subsidiary of the Group, entered into an agency agreement (the “Agency Agreement”). Pursuant to the Agency Agreement, Zhongke Guangju has agreed to engage Zhongke Zhenqi as a tier 1 agent to represent its sales and/or services of stem cells and immunocytes in the PRC, Hong Kong and Macau.

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

- (vii) On 13 September 2021, Zhongke Xunda Biotechnology (Shenzhen) Company Limited\* (“Zhongke Xunda”), an indirect wholly-owned subsidiary of the Company, entered into a capital increase agreement (the “Capital Increase Agreement”) with Shenzhen Nanyue Crown Block Bio Intelligent Equipment Investment Co., Ltd. (“Nanyue CB”) to increase the registered capital of Zhongke Zhenhui (Guangdong) Medical Technology Company Limited (“Zhongke Zhenhui”), an indirect non-whollyowned subsidiary of the Company, from RMB10,000,000 to RMB80,000,000 on a pro rata basis. Pursuant to the Capital Increase Agreement, Zhongke Xunda and Nanyue CB agreed to contribute, by way of cash, RMB35,700,000 and RMB34,300,000 into the registered capital of Zhongke Zhenhui, respectively. Nanyue CB is ultimately owned as to approximately 71.25% by Mr. Xu and his associates.

As at 30 June 2022 and 31 December 2021, Nanyue CB contributed RMB11,100,000 and RMB4,800,000 into the registered capital of Zhongke Zhenhui, respectively.

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

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

|                    |   | As at<br>30 June<br>2022<br><i>RMB'000</i><br>(Unaudited) | As at<br>31 December<br>2021<br><i>RMB'000</i><br>(Audited) |
|--------------------|---|---|---|
| Ms. Chang Hui-Lan  | Key management personnel                        | 1,441   | 1,445   |
| Mr. Liu Ting Hsuan | Close family member of key management personnel | (120)   | (165)   |
|                    |   | <u>1,321</u>  | <u>1,280</u>  |

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

**(e) Amounts due to directors**

Particular of amounts due to directors are disclosed as follows:

|                    |  | As at<br>30 June<br>2022<br><i>RMB'000</i><br>(Unaudited) | As at<br>31 December<br>2021<br><i>RMB'000</i><br>(Audited) |
|--------------------|--|---|---|
| Mr. Liu            |  | 1,166   | 1,141   |
| Mr. Xu Jianchun    |  | 464   | 136   |
| Mr. Sun Fei        |  | 13  | 12  |
| Mr. Chai Chung Wai |  | 15  | 115   |
| Dr. Xu Qiang       |  | 180   | 147   |
| Mr. Wang Jun       |  | –   | 12  |
| Dr. Yang Jingjing  |  | 13  | –   |
|                    |  | <u>1,851</u>  | <u>1,563</u>  |

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

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

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

|   |  | As at<br>30 June<br>2022<br><i>RMB'000</i><br>(Unaudited) | As at<br>31 December<br>2021<br><i>RMB'000</i><br>(Audited) |
|---|--|---|---|
| Hong Kong Gaoqi Biological Technology Company Limited |  | 13,723  | 11,899  |

As at 30 June 2022, the amount due to a shareholder classified as current liabilities amounting to approximately RMB10,199,000 (31 December 2021: RMB9,757,000) are unsecured, interest-free and repayable on demand, and approximately RMB3,524,000 (31 December 2021: RMB2,142,000) are unsecured, interest-free and repayable within one year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the six months ended 30 June 2022 (the “Current Period”), despite of resurgence of coronavirus disease (“COVID-19”) pandemic in the People’s Republic of China (the “PRC”), the revenue from the operation of Sino-Life Group Limited (the “Company”) and its subsidiaries (the “Group”) in the PRC and Taiwan remained relatively steady as compared with the corresponding year in 2021 (the “Prior Period”), while performance in Hong Kong Special Administrative Region, the PRC (“Hong Kong”) and Socialist Republic of Vietnam (“Vietnam”) recorded an outstanding improvement during the Current Period.

The Group has formed a business pattern focusing on traditional funeral services and emerging biotechnology. While the traditional funeral services business currently accounts for a large proportion of the Group’s business and the revenue of the Group is mainly derived from the PRC market, the biotechnology is the Group’s long-term strategic focus for its business expansion.

Currently, the Group has mainly made presence in the subdivided fields such as stem cells and advanced biotechnical equipment, and substantial progress has been achieved. As the policy for application of stem cell in Mainland China has not been completely liberalized, the stem cell business has not yet formed a large-scale development. In order to avoid any adverse impact of the Group’s overall operating results, the Group temporarily reduce its investment in stem cell business in the short term. With the gradual resumption of economic activities in Europe, the Group’s European suppliers have accelerated the resumption of work and production, and the Group will fully utilize its resource advantages and seize the opportunities arising from the rapid development of the electron microscope industry in Mainland China to further expand the business scale of advanced biotechnical equipment.

In addition, in order to further promote the rapid development of its biotechnology business, the Group established a specialized and comprehensive investment platform in December 2021, mainly focusing on investment in the development direction of the biotechnology industry, including but not limited to, biomedicine, medical healthcare, life science instruments etc., as well as those emerging industries which could create synergy effect.

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

|           | Six months ended 30 June |             |                |          |
|-----------|--------------------------|-------------|----------------|----------|
|           | 2022                     |             | 2021           |          |
|           | <i>RMB’000</i>           | <i>%</i>    | <i>RMB’000</i> | <i>%</i> |
| The PRC   | <b>35,061</b>            | <b>94.4</b> | 36,026         | 96.7     |
| Taiwan    | <b>717</b>               | <b>1.9</b>  | 633            | 1.7      |
| Hong Kong | <b>967</b>               | <b>2.6</b>  | 468            | 1.3      |
| Vietnam   | <b>404</b>               | <b>1.1</b>  | 144            | 0.3      |
| Total     | <b>37,149</b>            | <b>100</b>  | 37,271         | 100.0    |

## ***The PRC***

Business in the PRC continues to be the major source of income of the operations of the Group during the Current Period. The Group's revenue derived from the PRC market was approximately RMB35,061,000 for the Current Period (The Prior Period: RMB36,026,000), representing a decrease of approximately 2.7% from the Prior Period.

In the PRC, the Group is principally engaged in provision of funeral, cremation and cemetery services in funeral parlours and funeral service centres under the Group's management in Chongqing. The Group also carried out the advisory service on the stem cell and immunocytes under an agency agreement in Guangzhou city, Guangdong province.

Although there was improvement in the funeral business in the first quarter of the year, prevention and control measures has been tightened again in the second quarter in order to contain another wave of the outbreak of COVID-19 pandemic in the Chongqing. As the result, the performance of Group's funeral business was inevitably adversely affected.

During the Current Period, the provision of funeral, cremation and cemetery services business contributed approximately RMB35,061,000, representing a 1.3% year-on-year decrease as compared to the Prior Period.

On the other hand, there had been a sanitary restrictions in Guangzhou due to another round of spread of Omicron of COVID-19 pandemic during the Current Period, the Group's advisory service on stem cells and immunocytes was unavoidably penalized and the service of this business segment was forced to suspend during the Current Period.

## ***Taiwan and Hong Kong***

In Taiwan and Hong Kong, the Group is principally engaged in the sales of funeral services deeds, which was accounted for by the Group as receipt in advance, and provision of funeral arrangement services to the deed holders and non-funeral services deed holders, which are accounted for by the Group as revenue. The Group also carries out sales of advance biotechnical machineries and other electronic products in Hong Kong.

Despite of the outbreak of Omicron of the COVID-19 pandemic, the impact of COVID-19 pandemic was less severe than expected as less control measures were adopted in Taiwan compared with those of the Prior Period. Revenue from the Taiwan market recorded a 13.3% year-on-year increase to approximately RMB717,000 during the Current Period.

On the other hand, despite of the continuing sanitary restrictions in Hong Kong, the business in Hong Kong strongly bounced back during the Current Period, and recorded revenue of approximately RMB967,000 for the Current Period (The Prior Period: RMB468,000), representing a year-on-year increase of approximately 106.6% from the Prior Period. During the Current Period, the Group carried out the provision of advisory services on stem cells and immunocytes business for the first time in Hong Kong and generated revenue of approximately RMB202,000 (The Prior Period: RMB nil), and the funeral arrangement and related consultancy services contributed approximately RMB765,000 (The Prior Period: RMB468,000) to the Group's revenue in Hong Kong.

### ***Vietnam***

The Group's revenue derived from the sales of burial plots in Vietnam was approximately RMB404,000 for the Current Period (The Prior Period: RMB144,000), representing an increase of approximately 180.6% from the Prior Period.

The increase was mainly resulted from the resumption of Group's operation during the Current Period while temporary lockdown was implemented by the local government in Vietnam in the Prior Period.

### **FINANCIAL REVIEW**

During the Current Period, the revenue of approximately RMB37,149,000 was recorded, and was flattish as compared with that for the Prior Period of approximately RMB37,271,000. Although there was improvement in the funeral business in the first quarter of the year, prevention and control measures has been tightened again in the second quarter to contain another wave of the outbreak of COVID-19 pandemic in the PRC. As the result, the performance of Group's funeral business and advisory service on stem cells and immunocytes was inevitably adversely impacted and recorded a year on year decrease of approximately RMB965,000 or 2.7% during the Current Period in the PRC. However, such decrease was offset by the improvement in the operations in Hong Kong, Taiwan and Vietnam, which collectively recorded approximately RMB843,000 year on year increase in revenue.

Cost of sales for the Current Period was approximately RMB17,136,000 (The Prior Period: RMB15,570,000), increased by approximately 10.1% as compared with the Prior Period. The increase in cost of sales for the Current Period was mainly attributable to the general increase in the staff costs and one off bonus paid to the staff in the PRC in recognition of their firm commitment to the Group during the period of COVID-19 pandemic outbreak.

The Group recorded other income and other net gains of approximately RMB1,306,000 during the Current Period and represented an increase of approximately 43.5% as compared with the Prior Period of approximately RMB910,000. The increase was mainly contributed by the gains on disposal of financial assets measured at FVTPL of approximately RMB454,000 during the Current Period, while no such gain was recorded in the Prior Period.

Compared with the Prior Period, selling expenses for the Current Period increased by approximately 5.1% to approximately RMB2,938,000 as the result of the increasing sales activities during the Current Period.

Administrative expenses, which accounted for approximately 51.5% (The Prior Period: 36.9%) of revenue, increased by approximately 39.1% to approximately RMB19,139,000 (The Prior Period: RMB13,764,000) during the Current Period. The increase in the administrative expenses were mainly contributed by the general increase in the salary level across different geographical segments, the grant of the share options amounted to approximately RMB1,900,000 by the Company under the Group's share option scheme that was adopted on 22 April 2021 and a special bonus of approximately RMB2,983,000 paid to Company's executive director and senior management personnel during the Current Period.

As the result of the cumulative effect from the above-mentioned factors, the loss attributable to the owners of the Company for the Current Period was approximately RMB6,362,000, against the profit attributable to the owners of the Company RMB2,345,000. Loss per share for the Current Period was approximately RMB0.86 cents, while earnings per share of approximately RMB0.32 cents was recorded by the Prior Period.

The outbreak of COVID-19 pandemic continued to impact on the global business environment. Up to the date of this announcement, COVID-19 pandemic has not caused material financial difficulties to the Group. The Group remained in a healthy and sound liquidity position as at 30 June 2022.

Depending on the development and spread of COVID-19 pandemic, subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results for the three months ended 30 September 2022 of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep continuous attention on the situation of COVID-19 pandemic and react actively to its impact on the financial position and operating results of the Group.

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

The Group maintains a stable financial position. As at 30 June 2022, the Group had cash and bank balances of approximately RMB125,138,000 (31 December 2021: RMB117,557,000) while current and non-current bank borrowings were approximately RMB1,174,000 and approximately RMB4,155,000 respectively (31 December 2021: RMB1,192,000 and RMB4,812,000 respectively). All bank loans were denominated in New Taiwan Dollars ("NTD"), at prevailing market interest rate. During the Current Period, the Group did not use any financial instruments for hedging purposes.



As at 30 June 2022, the Group also invested approximately RMB15,082,000 (31 December 2021: RMB4,095,000) in certain listed equity securities listed outside Hong Kong. These listed equity investments are denominated in RMB and were classified as financial assets measured at FVTPL. The directors of the Company considered that the closing price of those listed equity securities as at 30 June 2022 was the fair value of those listed equity investments. As at 30 June 2022, the fair value of the listed equity securities was approximately RMB15,082,000. None of the listed equity securities, held by the Group individually, equaled or exceeded 5% of the Group's total assets, but in aggregate, represented 5.5% of the Group's total assets as at 30 June 2022.

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.

### **Treasury policy**

The Group continues to adopt a conservative treasury policy in liquidity and financial management. The Group conducted its continuing operational business transactions mainly in RMB and HKD. Surplus cash is generally placed in fixed deposits and high-quality debt securities mostly denominated in Hong Kong dollars ("HKD"), United States dollar ("USD") or Renminbi ("RMB"). The Group did not arrange any forward currency contracts for hedging purposes.

### **Gearing ratio**

As at 30 June 2022, the gearing ratio representing the ratio of total borrowing to the total assets of the Group was approximately 1.9% (31 December 2021: 2.3%).

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

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

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

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

As at 30 June 2022, 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 INVESTMENTS HELD**

As at 30 June 2022, the Group had investments in equity securities listed outside Hong Kong of approximately RMB15,082,000 (31 December 2021: RMB4,093,000). None of the listed equity securities, held by the Group individually, equaled or exceeded 5% of the Group's total assets, but in aggregate, represented 5.5% of the Group's total assets as at 30 June 2022.

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

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

## **CHARGE ON GROUP ASSETS**

As at 30 June 2022, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings was approximately RMB23,196,000 (31 December 2021: RMB23,552,000).

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

As at 30 June 2022, the Group employed 197 employees (31 December 2021: 171 employees). The Group determines staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages including performance bonuses and entitlements to share options are reviewed on regular basis.

## **CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

As at 30 June 2022 and 31 December 2021, the Group had commitment for the capital injections in associates and a joint venture, and construction in progress amounted to approximately RMB18,418,000 and RMB18,428,000 respectively.

The Group did not have any contingent liabilities as at 30 June 2022 and 31 December 2021.

Save as disclosed above and in note 17 to these unaudited condensed consolidated financial statements, the Group had no other material capital commitments, material contracts, contingent liabilities or significant investment plans.

## **PROSPECTS**

Since January 2020, the outbreak of the COVID-19 pandemic has continued to adversely affect the global economic environment. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19 pandemic, it is difficult to predict how significant the impact of this coronavirus outbreak, including any responses to it, will be on the global economy, the Group's customers and businesses or for how long disruptions are likely to continue.

The Russia-Ukraine war broke out early this year, and countries led by the United States and the European Union have imposed a series of economic sanctions against Russia, resulting in severe volatility in the global financial market, continued surge in commodity prices and aggravated global inflation, which further dragged down the growth of the global economy.

In light of the current economic environment, the Company continues to closely monitor the developments related to the pandemic and the war, impacts of which will depend on future developments, which are highly uncertain, constantly evolving and difficult to predict. These impacts may differ in magnitude depending on a number of scenarios, which we continue to monitor and take into consideration in our decision making as we continue to assess medium to long-term impacts.

In the face of the complex and ever-changing global economic environment and the outbreak of Omicron of COVID-19 pandemic, China's economy has been under increasing downward pressure. In order to achieve stable growth, on the premise of solidly implementing pandemic prevention and control measures, China has continued to keep normal production and living in order, and minimized the impact of the pandemic on economic and social development, while optimizing the role of counter-cyclical adjustment, continuously supporting stable growth with macro policies and vigorously supporting the development of strategic emerging industries. Industries such as the new energy, new materials, Internet of Things, biotechnology have been developing rapidly.

The Group has formed a business system focusing on traditional funeral services and emerging biotechnology. The Group has made a presence in the biotechnology business since early 2019. After several years of development, the life science instrument sales business has made a substantial progress. The Group as positions one of the Company's subsidiaries, Zhongke Zhenhui (Guangdong) Medical Technology Company Limited\* ( 中科臻慧 ( 廣東 ) 醫療科技有限公司 ) ( "Zhongke Zhenhui" ) as a specialized and comprehensive investment platform to focus on investment in the development direction of biotechnology, including but not limited to, biomedicine, medical healthcare, life science instruments etc., as well as those emerging industries which could create synergy effect.

In September 2021, the Group, through its indirect wholly owned subsidiary, Zhongke Xunda Biotechnology (Shenzhen) Company Limited\* ( 中科訊達生物科技 ( 深圳 ) 有限公司 ) entered into a capital increase agreement (the "Capital Increase Agreement") with Shenzhen Nanyue Crown Block BioIntelligent Equipment Investment Co., Ltd.\* ( 深圳市南嶽天車生物智能裝備投資有限公司 ) to increase the registered capital of Zhongke Zhenhui from RMB10,000,000 to RMB80,000,000 on a pro rata basis. At the same time, Zhongke Zhenhui entered into a joint venture agreement (the "JV Agreement") with Shenzhen Huaxin Times Investment Co., Ltd.\* ( 深圳市華信時代投資有限公司 ) ( "JV Partner" ), pursuant to which both parties agreed to jointly establish the JV Company with registered capital of RMB70,000,000 in the PRC which will be principally engaged in investment activities. Both arrangements will accelerate the development of the Group's biotechnology business, and at the same time help expand the Group's investment scale, increase the Group's investment income as well as the return to the shareholders of the Company.

Up to the date of this announcement, COVID-19 pandemic has not caused material financial difficulties to the Group. 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.

Looking forward, the Board remains cautiously optimistic about the prospects of our core businesses, including funeral services business, and life science instrument sales business. The Group will adopt a prudent and diversified business strategy to ensure sustainable business development in 2022. While consolidating the traditional funeral services, the Group will actively seize the significant opportunities arising from the booming development of the emerging biotechnology industry, 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions held by the Directors or chief executives of the Company in the shares (the "Shares"), underlying shares (the "Underlying Shares") and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### *Aggregated long positions in the Shares and Underlying Shares*

| Name of Directors          | Number of Shares held |                                | Number of Underlying Shares held pursuant to the share options | Total       | Approximate percentage of the total number of Shares in issue |
|----------------------------|-----------------------|--------------------------------|--|-------------|---|
|                            | Personal Interest     | Corporate Interest             | Personal Interest  |             |   |
| Mr. XU Jianchun ("Mr. Xu") | -                     | 220,475,000<br><i>(Note 1)</i> | -  | 220,475,000 | 29.69%  |
| Dr. XU Qiang               | -                     | -                              | 3,712,000<br><i>(Note 2)</i>                                   | 3,712,000   | 0.50%   |
| Mr. SUN Fei                | -                     | -                              | 3,712,000<br><i>(Note 2)</i>                                   | 3,712,000   | 0.50%   |

*Notes:*

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.
2. These Shares represent the share options granted by the Company under the share option scheme of the Company on 19 May 2022.

Save as disclosed above, as at 30 June 2022, 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 June 2022, 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:

#### ***Aggregated long positions in the Shares***

| <b>Name of Shareholders</b> | <b>Nature of interests</b>                             | <b>Number of Shares held</b> | <b>Approximate percentage of the issued share capital of the Company</b> |
|-----------------------------|--|------------------------------|--|
| HK Gaoqi                    | Beneficial Owner <i>(Note 1)</i>                       | 220,475,000                  | 29.69%   |
| Ms. QIU Qi                  | Interests of controlled corporation<br><i>(Note 2)</i> | 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 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.

Save as disclosed above and the Directors' interests as disclosed in "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations", as at 30 June 2022, the Directors were not aware of any other person who had, or deemed to have, interests in shares or short positions in the Shares or Underlying Shares and Debentures of the Company or its Associated Corporations" above) who had, or deemed to have, interests or short positions in the Shares, Underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were expected, directly or indirectly, to be interested in 5% or more of the Shares.

#### **DIRECTORS' INTERESTS IN CONTRACTS**

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

#### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from the details as disclosed under the heading "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, at no time during the Current 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 Current 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 announcement shall bear the same meanings as those defined in the Announcement and the Circular unless the context requires otherwise.

The Capital Increase and the Formation of the JV Company had been approved by the shareholders of the Company at the extraordinary general meeting on 22 November 2021. 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 more details, please refer to the Announcement, the Circular and the announcement dated 22 November 2021 of the Company.

Save as disclosed above, during the Current Period and up to the date of this announcement, none of the Directors, the controlling shareholders of the Company, or any of their respective close associates (as defined in the GEM Listing Rules) has interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the businesses of the Group, and is required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

## **SHARE OPTION SCHEME**

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



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

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

Upon acceptance of the options, the grantee of the Share Option Scheme shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 10 days from the date of offer. The exercise period of any option granted under the Share Option Scheme is determined by the Board upon granting the options but in any event must not be more than 10 years commencing on the date of grant. Unless determined by the Directors otherwise, there is no minimum holding period before the options can be exercised.

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

The total number of shares available for issue under the Share Option Scheme is 48,294,000 shares of the Company, representing approximately 6.50% of the total number of shares of the Company in issue as at the date of this announcement.

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

Details of the share options movements during the Current Period under the Share Option Scheme are as follows:

| Name or category of grantees        | Date of grant of share options | Exercise Price (HK\$) | Exercise Period     | Vesting Period | Number of share options |                                   |                         |
|-------------------------------------|--------------------------------|-----------------------|---------------------|----------------|-------------------------|-----------------------------------|-------------------------|
|                                     |                                |                       |                     |                | Balance as at 1/1/2022  | Granted during the Current Period | Balance as at 30/6/2022 |
| <b>Directors</b>                    |                                |                       |                     |                |                         |                                   |                         |
| XU Qiang                            | 19/5/2022                      | 0.137                 | 19/5/2022-18/5/2032 | N/A            | –                       | 3,712,000                         | 3,712,000               |
| SUN Fei                             | 19/5/2022                      | 0.137                 | 19/5/2022-18/5/2032 | N/A            | –                       | 3,712,000                         | 3,712,000               |
| <b>Other eligible participants:</b> |                                |                       |                     |                |                         |                                   |                         |
| Employee                            | 19/5/2022                      | 0.137                 | 19/5/2022-18/5/2032 | N/A            | –                       | 3,700,000                         | 3,700,000               |
| Business partners                   | 19/5/2022                      | 0.137                 | 19/5/2022-18/5/2032 | N/A            | –                       | 14,832,000                        | 14,832,000              |
| Total                               |                                |                       |                     |                | –                       | 25,956,000                        | 25,956,000              |

During the Current Period, 25,956,000 share options have been granted and no share option was lapsed, cancelled and exercised. The closing price of the Shares immediately before the date on which 25,956,000 share options were granted during the Current Period was HK\$0.137 per Share.

Further details of Share Options Scheme were set out in note 16 to these unaudited condensed consolidated financial statements.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

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

## **CORPORATE GOVERNANCE**

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



## **CHANGES IN INFORMATION OF DIRECTORS**

The changes in Directors' information during the Current Period and up to the date of this announcement, as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, are set out below:

| <b>Name of Directors</b> | <b>Details of Changes</b>  |
|--------------------------|--|
| Dr. Yang Jingjing        | Appointed as an independent non-executive Director, the chairman and member of nomination committee and member of each of audit committee and remuneration committee of the Company on 4 March 2022. |
| Mr. Wang Jun             | Resigned as an independent non-executive Director, the chairman and member of nomination committee and member of each of audit committee and remuneration committee of the Company on 4 March 2022.  |

## **SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **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 2021 has been affected. The Company was unable to publish and despatch the audited annual results for the financial year ended 31 December 2021 (the "2021 Annual Results") and the related annual report for the year ended 31 December 2021 (the "2021 Annual Report") on or before 31 March 2022 as required by the GEM Listing Rules. Such delay has constituted non-compliance with Rules 18.03 and 18.49 of the GEM Listing Rules. However, in accordance with the FURTHER GUIDANCE ON THE JOINT STATEMENT IN RELATION TO RESULTS ANNOUNCEMENTS IN LIGHT OF THE COVID-19 PANDEMIC released on 16 March 2020 ("Further Guidance") by The Securities and Futures Commission and the Stock Exchange, an issuer may defer the publication of the annual report initially for up to 60 days from the date of the Further Guidance if, among other things, on or before 15 May 2022. The Company has published its preliminary 2021 Annual Results without its auditors' agreement pursuant to the Further Guidance on 30 March 2022. The supplemental announcement on the 2021 Annual Results have been published on 14 April 2022 and the 2021 Annual Report has been published and delivered on 26 April 2022.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. As at 30 June 2022, the Audit Committee comprises three independent non-executive Directors, namely Mr. SUN Fei (chairman of the Audit Committee), Mr. CHAI Chung Wai, and Dr. YANG Jingjing.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Current Period pursuant to the relevant provisions contained in the Corporate Governance Code 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.

## **CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

With effect from 15 August 2022, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited (the “Branch Share Registrar”), will change its address from Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong to

**17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong**

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

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

12 August 2022

*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 Dr. YANG Jingjing being independent non-executive Directors.*

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at <http://www.hkexnews.hk> 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>.*